EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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WORLD NEWS

Schools will have duty to issue reports

Schools will have a legal duty to produce progress reports on all pupils, Education Secretary John MacGregor announced yesterday.

The plan, to be phased in from next year, will entitle parents to details of their children's progress in the 10 statutory subjects of the national curriculum at four benchmark ages – seven, 11,14 and 16. Some educationalists immediately criticised the scheme for not requiring reports on children's wider, non-academic abilities. Page 22

Bulgarians strike
A general strike in Bulgaria brought several towns to a standstill. It was staged in protest against government moves to restore religious and other civil rights to the country's 1.5m ethnic Turks. Page 2

Chile deal on forces
Chile's newly-elected civilians have reached agreement with the country's military rulers on the role of the armed forces after the return to democracy, planned for March. Page 2

Honecker 'has cancer'
Ousted East German leader Erich Honecker, under investigation for alleged abuse of office, has kidney cancer, the official ADN news agency said. No decision would be made about jailing Mr Honecker until he had received treatment, it added.

Festive miners punished
Fourteen South Wales miners have been demoted for drinking alcohol at a Christmas party two miles underground. Safety checks at Deep Navigation pit, Mid Glamorgan, unearthed a festive table with the remains of chicken, mince pies and cider. Page 5

Rescue deal for Gdansk
Poland's Solidarity-led Government has reversed the closure order imposed by its communist predecessor on the Gdansk shipyard. The plan is to turn the state-owned Lenin yard into a joint stock company, offering shares to employees and foreign investors. Page 2

Row over boat people
Britain denied Vietnamese allegations that the UK was holding back promised payments for resettling boat people returning from Hong Kong to Vietnam. The row came amid signs that Washington may soften is stance on the issue of enforced repatriation. Page 3

Death for pornography
A court in Fujian province, southern China, has sentenced a man to death for setting up a company which made calendars and playing cards depicting naked women. Seven other defendants received jail terms of between four and 10 years.

Tube safety recruits
London Underground is recruiting 300 temporary staff so it can meet stringent safety standards imposed in the wake of the 1987 King's Cross station fire in which 31 people were killed. Page 5

Economy chief sacked
Romania's National Salvation Front rulers sacked Deputy Economics Minister Constantin Bostina for being too closely linked with the Communist dictatorship of Nicolae Ceausescu. Bostina, appointed only last week, is the first post-revolution minister to lose his job.

Avalanche warning
Police issued an avalanche warning for Scotland's Cairngorm mountains after climbers caught in two separate snowfalls recovered in hospital.

Truffle kerfuffle
Arrests are expected in France after the discovery of a lucrative truffle fraud. A ring masterminded by foie gras makers has been buying white Italian truffles, staining them with walnut dye and passing them off as the far more expensive black sort.

BUSINESS SUMMARY

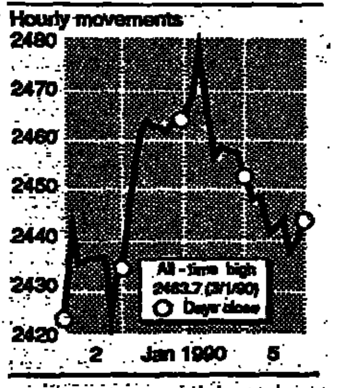
Bond in talks on injection of capital

Alan Bond, the Australian businessman fighting for financial survival, appeared to have found a potential bidder for control of Bond Corporation, his brewing, media and property group.

The company confirmed that Mr Bond had held discussions with an unnamed group about an injection of capital. Earlier, Weatherby Investments, a US energy and mining company, said it was in discussions about buying a majority stake in Bond Corporation. Page 22

UK EQUITIES' recent peaks receded further as London reacted to the weaker trend in other markets and to modest profit-taking on the domestic front. The FT-SE Index fell 7.1 to 2,444.5, nearly 20 below the all-time highs reached earlier in the week but still 21.8 up over the week. Page 15

FT-SE 100 Index



WATER INDUSTRY: The Government referred the acquisition of two large stakes in statutory water companies to the Monopolies and Mergers Commission, underlining its opposition to further concentration of ownership. Page 22

ROVER Group, leading UK car producer, has been forced to cut the prices of its cars in the US by 5 per cent to try to revive flagging sales. Page 4

NEW CAR registrations in the UK rose to a fifth consecutive record of 2,300,944 last year, but the industry is resigning itself to lower sales this year. Page 4

TRAFALGAR HOUSE, UK property, shipping and construction group, is to close two steel fabrication plants, near Glasgow and in Manchester, with the loss of 550 jobs. Page 4

COMECON: The restructuring of the Soviet-led economic grouping will be one of the key issues at a Comecon meeting next week. Poland's Foreign Trade Minister said that Comecon was outdated and should be replaced by a less rigid organisation, a view shared by Moscow. Page 2

BMW, West German car maker, is to build a car recycling plant in southern Germany to pioneer research into the growing problem of waste and car scrappage. Page 22

LVMH, French drinks and luxury goods group, filed a lawsuit asking for the appointment of a court administrator at its luggage-making subsidiary Louis Vuitton, fuelling a year-old power struggle at the group. Page 10

HIGGS and HILL rejected a revised takeover offer from YJ Lovell which values its competitor in the construction and house building industry at £161m. Page 8; Lex, Page 22

SEA CONTAINERS: Tiphook, UK container rental company, and Stena, private Swedish ferry operator, accused Sea Containers of confusing its shareholders and coercing them into accepting a defensive alternative to the Tiphook/Stena $1.12bn (£683m) hostile bid for the company. Page 8

US DOLLAR fell after the release of employment figures well below earlier averages and market forecasts. Page 2

BRITISH Petroleum signalled to its staff that a big shake-up in its central office later this year could lead to significant job losses. Page 4

Pro-market adviser for Gorbachev


Mikhail Gorbachev: choice reflects stress on economy

By Quentin Peel in Moscow

MR MIKHAIL GORBACHEV, the Soviet President, has appointed a radical pro-market economist as his personal economic adviser, in a crucial indication of his continued commitment to reform.

The adviser is Professor Nikolai Petrakov, the leading Soviet economic expert on price reform, a strong proponent of the self-financing and independent management of state enterprises, and most recently a vociferous advocate of the introduction of a dual currency system.

He will be the first ever professional economist in the inner cabinet of advisers to the Soviet leader, according to fellow economists in Moscow, alongside his key political and foreign policy aides.

The appointment, although not officially announced, has been widely welcomed by reformers as an indication both of Mr Gorbachev's realisation of the crucial importance of the economy to the success or failure of the whole reform process, and of his continued commitment to radical measures.

In recent months, supporters of continued rapid progress towards a market economy, devolution of decision-making, and genuine price reform have been fighting a rearguard action against a popular and conservative backlash, because of gathering inflation combined with growing shortages in the shops.

Prof Petrakov is currently deputy director of the Central Economic-Mathematical Institute, and also deputy chairman of the Planning and Budget Committee of the Supreme Soviet.

His reputation rests on the fact that he was an advocate of radical economic reform long before Mr Gorbachev's entry to the Kremlin. His reform ideas include factory-level decision making, and the scrapping of central controls on prices.

Last year he criticised the state prices committee, Goskomtsen, saying that it had drawn up price reforms based simply on the imposition of new more realistic prices.

"We understood by price reform a change in the very mechanism of price forma-

Continued on Page 22

SOVIET officials yesterday sought to play down reports that Mr Mikhail Gorbachev had postponed meetings with foreign politicians in January because of domestic political pressures, writes Quentin Peel.

A spokesman for Mr Kinnock said on Thursday his visit to Moscow this month had been cancelled because of "political events in the Soviet Union" requiring Gorbachev's "personal attention and participation."

Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, said the cancellation of the visit was "simply a sign of a very tight schedule, a shortage of time because there are so many things to do.

Moscow plays down Gorbachev crisis reports, Page 2

Ambulance action intensifies

By Diane Summers, Philip Stephens and Jimmy Burns

THE AMBULANCE dispute moved into a more dangerous phase yesterday as ambulance crews in many regions prepared to step up industrial action while doctors warned that patient care was deteriorating.

Consultants at leading hospitals urged the two sides in the dispute to reach a compromise and end patients' suffering.

However Mr Kenneth Clarke, the Health Secretary, again underlined his determination not to cede to pay demands. Mr Clarke, who faces a full-scale Commons debate on the issue next week, brushed off suggestions that the political damage inflicted on the Government by the 16-week-old dispute would force it to back down.

Ambulance unions are instructing suspended staff and those on reduced pay not to accept emergency calls from senior officers from midnight next Wednesday. The public will be encouraged to put calls through directly, by-passing the 999 system.

This intensification of action will bring most of the rest of the country into line with London and the West Midlands.

At least half of the country's ambulance services are likely to have to call on troops and police to maintain accident and emergency cover.

The prolonged use of police to staff ambulances is worrying officers. Mr Alan Eastwood, chairman of the Police Federation, said last night: "There is a need for a speedy end to this damaging dispute so that police officers can be returned to their normal functions."

Mr Eastwood's statement reflects growing concern among police officers that the police force's impartiality in the eyes of the public could be damaged by its continuing involvement in the dispute.

Mr Clarke said that the claim put forward by the trade unions was one that "the health service could not conceivably afford." If he gave way, the extra resources for the NHS that he had secured from the Treasury for improved patient care "would be totally swallowed up in pay," he said in an interview with the Financial Times.

He rejected Labour Party claims that he had adopted a deliberately belligerent stance in the dispute, but added: "What we don't want is for the ambulancemen to establish a benchmark for 500,000 other NHS staff... which will leave the health service desperately short of money and unable to keep beds open."

Mr Clarke, in typically ebullient form in spite of the criticism of his handling of the dispute by some Conservative MPs, said that his claim had to be seen in the context of its determination to change and improve the NHS.

It could not cede to the pay demands of any one particular group simply on the basis of their "industrial muscle." He made it clear that the main sticking point was the ambulance crews demands for a pay formula similar to that enjoyed by firefighters, and their rejection of his plans to enhance the rewards of those with paramedical skills.

He left the impression that the Government's offer of a 9 per cent increase over 18 months might be improved slightly if the unions dropped their other demands.

Mr Clarke also rejected suggestions that the dispute had done irreparable damage to his own hopes of further advancement within the Government.

At St Bartholomew's Hospital, in London, yesterday, Mr David Skinner, a consultant, echoed the views of many other consultants and surgeons. "The general feeling is very strong among us. The two sides between them must sort it out before more patients suffer."

Mr Skinner said the pattern at St Bartholomew's was similar to that of another London hospital, St Thomas's, where Mr David Williams, the president of the Casualty Surgeons Association, has stated the number of deaths has risen by 30 per cent since the dispute began 16 weeks ago.

The Newcastle Royal Victoria Hospital yesterday reported an increase in the number of patients dying in casualty or dead on arrival in December last year compared with the same month in 1988.

Employment, Page 5, Man in the News, Page 6

TUC backing for stoppage

THE Trades Union Congress yesterday backed union calls for a nationwide 15-minute stoppage at the end of the month.

Mr Norman Willis, TUC general secretary, pictured right, said he hoped public pressure would help ambulance workers achieve a negotiated settlement.

"The TUC very warmly welcomes the initiative of the ambulance unions in calling for this display of public support," he said, following a meeting of the TUC's "inner cabinet", its finance and general purposes committee.

The TUC urged employers to allow workers time off to show their support and emphasised it was not calling for mass industrial action.

The ambulance unions have said they are not advocating what would amount to illegal secondary action.

Petrol price rise by Esso fuels fears of inflation

By Steven Butler and Simon Holberton

ESSO yesterday kicked off a round of retail petrol price increases which is likely to push up inflation when the price of four star is put up by 5.5p to a maximum of 189.1p a gallon.

The move comes in the wake of a cold snap in the US which has driven up international wholesale prices for heating oil, crude, and, most recently petrol.

BP followed Esso later in the day with an announcement that its pump price for four star would rise by 3.2p a gallon to about 186.9p from Monday. However, BP warned that it would be forced to lift prices again in the coming weeks unless international spot market prices gave up their recent gains.

Other retailers were expected to raise prices in the days ahead. If 5.5p becomes the standard increase in four star petrol then it can be expected to boost the retail prices index by 0.1 per cent in January.

Mr Nigel Richardson, economist at Warburg Securities, said: "We have seen the underlying rate of inflation move up [to 6.1 per cent in November]. This is bad news for inflation and a disappointment for the Government."

Both companies have increased their diesel fuel prices by 2.7p a gallon to 186.2p for BP and a maximum of 188.8p for Esso.

BP staff fear job losses, Page 4

Weekend FT

THE THIRD AGE
This special issue of the Weekend FT investigates the challenges and opportunities of the period in our lives now described as the Third Age . . . the years of our full maturity. Christian Tyler sets the scene
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Finance
Financial planning for the Third Age
Pages III-VI

Portfolio Man
Charles Handy focuses on the kind of people who will make up the winners – and losers – of a new era
Page X

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Motoring and Gardening for Third Agers
Page VIII

How To Spend It
The body (and soul) beautiful
Page XIII

Travel
Life after cruising
Page XIV

Sport
Happy veterans
Page XVIII

Italian lira falls on EMS speculation

By Peter Norman, Economics Correspondent

THE Italian lira fell to a record low against the D-Mark yesterday amid heightened speculation about a possible realignment of currencies in the European Monetary System.

Despite sales of D-Marks by the Bank of Italy, foreign exchange markets suspected that a devaluation of the lira could be linked with plans to narrow the EMS fluctuation margins for the Italian currency from 6 per cent to the 2.25 per cent margins used by most member states.

Reports from Brussels last night suggested that European Community Commission officials would meet today to approve a change in the EMS, which would probably involve a lira devaluation.

Italian monetary officials had earlier suggested that a devaluation could be possible before the July 1 deadline for the abolition of exchange controls in the European Community. The West German Bundesbank, which intervened on Thursday to boost the value of the D-Mark against the dollar, has made no secret of its wish that the D-Mark should also rise against relatively high inflation currencies in the EMS such as the lira.

By late yesterday there was no sign that the EC economics and finance ministers planned a special weekend meeting.

However, a unilateral decision by Italy that could be rubber-stamped over the telephone was not ruled out. At one point in the 1980s, Italy adjusted the value of the lira in that way.

The lire was quoted at around 752.40 to the D-Mark at the close of European trading yesterday, having pierced the psychologically important 750 lire level on Thursday.

In other trading, the D-Mark fluctuated in response to conflicting influences.

Optimism about the benefits for the West German economy of the liberalisation of eastern Europe was offset by concern at the reports that ethnic troubles in the Soviet Union had forced President Gorbachev to cancel meetings with foreign leaders.

Lex, Page 22

Plea for aid as snow fails to fall

By William Dawkins in Paris

FRENCH ski-lift owners yesterday called on the Government to declare parts of the Alps a natural disaster area because of the third consecutive year of unusually low snowfalls.

The SNTF, the national association of ski-lift companies, has written to the Tourism, Transport and Budget Ministers asking for the dispensation, which would open the way for them to claim from their insurance companies for loss of earnings.

Its letter is the latest sign of the poor state of the ski industry, some members of which were warning last season that they risked going out of business if they had to face another year of poor snow.

"The total absence of receipts, added to the difficulties of the previous year, and various arrangements to delay certain large settlements has already forced some businesses into bankruptcy," says the association's letter.

Continued on Page 22

MARKETS

STERLING
New York lunchtime:
$1.6335
London:
$1.636 (1.63)
DM2.7525 (2.7425)
FFr9.4025 (9.365)
SFr2.515 (2.5125)
Y235.50 (233.50)
£ index 87.0 (86.7)

GOLD
New York: Comex Feb
$408.5 (400.8)
London:
$406.75 (395.75)

N SEA OIL (Argus)
Brent 15-day Feb
$21.95 (+0.70)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.6895
FFr5.7675
SFr1.5455
Y144.35
London:
DM1.681 (1.682)
FFr5.74 (5.745)
SFr1.5355 (1.541)
Y143.75 (143.30)
$ index 67.0 (67.2)
Tokyo close: Y144.15

US LUNCHTIME RATES
Fed Funds 8$\frac{3}{16}$%
3-mo Treasury Bills:
yield: 7.781%
Long Bond:
100$\frac{22}{32}$
yield: 8.054%

STOCK INDICES
FT-SE 100:
2,444.5 (−7.1)
FT Ordinary:
1,948.8 (−8.5)
FT-A All-Share:
1,220.77 (−0.5%)
New York lunchtime:
DJ Ind. Av.
2,782.88 (−3.20)
S&P Comp
353.82 (−1.85)
Tokyo: Nikkei
38,274.76 (−438.12)

LONDON MONEY
3-month interbank:
closing 15$\frac{3}{32}$% (same)
Liffe long gilt future:
Mar 91$\frac{15}{16}$ (92$\frac{1}{4}$)

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Austria Sch24; Bahrain Din0.700; Bermuda $1.50; Belgium BFr55; Canada C$1.00; Cyprus C£0.90; Denmark DKr12.00; Egypt E£3.25; Finland Fmk8.50; France FFr7.50; Germany DM2.60; Greece Dr150; Hong Kong HK$12; Iceland IKR160; India Rup15; Indonesia Rp3,100; Ireland I£0.60; Israel NS3.50; Italy L2000; Japan Y600; Jordan Fils1.000; Kuwait Fils.500; Lebanon £L400; Luxembourg LFr55; Malaysia Rin4.25; Malta 40c; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.25; Norway NKr12.00; Portugal Esc150; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta165; Sri Lanka Rup30; Sweden SKr12.00; Switzerland SFr2.50; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L1400; UAE Dh7.00; USA $1.00.

Moscow plays down Gorbachev crisis reports

By Quentin Peel in Moscow

SOVIET officials yesterday sought to play down reports that Mr Mr Mikhail Gorbachev had postponed meetings with foreign politicians this month because of domestic political pressures.

Western embassies reported no known cases of visits being cancelled, apart from that by Mr Neil Kinnock, the British Labour Party leader.

A spokesman for Mr Kinnock said on Thursday his visit to Moscow this month had been cancelled because of "political events in the Soviet Union" requiring Gorbachev's "personal attention and participation."

Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, said the cancellation of the Kinnock visit was "simply a sign of a very tight schedule, a shortage of time because there are so many things to do.

"It is not the first time, unfortunately, that we cancel certain meetings because there is no time for them."

Mr Gorbachev is still expected to deliver the opening address at an international convention on the environment and development, in Moscow on January 15, which is being attended by a international political and religious figures.

They include Mr Javier Perez de Cuellar, the UN Secretary-General, Mrs Gro Harlem Brundtland, former Norwegian Prime Minister, and several US Senators and church leaders.

However, the Soviet leader's domestic political agenda is overwhelming and he is facing a serious political backlash from conservative forces in his own party.

Mr Gorbachev's agenda includes a crucial three-day trip to Lithuania next week, in an attempt to delay or defuse the breakaway of the Lithuanian Communist Party from the ruling Soviet Communist Party.

He then faces two plenary meetings of the Communist Party central committee: one is to resolve the Lithuanian question, which the Soviet leader has identified as fundamental to the future unity of the country. The other is to agree on the preparation and agenda for this year's Communist Party Congress, brought forward by a year to restructure the party.

The foreign policy question at the top of the Gorbachev agenda is clearly Eastern Europe, and any requested visit by one of the new East European leaders would seem certain to be granted.

He also has to deal with a potentially explosive rise in nationalism around the southern republic of Azerbaijan.

The Communist Party leader in the Azerbaijani enclave of Nakhichevan, Mr Geidar Isayev, was forced to retire on Wednesday after mass protests in his area led to the border fence with Iran and control towers being torn down by demonstrators. There were new demonstrations in the area on Thursday and yesterday as party officials from Moscow and Baku negotiated with nationalist leaders.

Bulgarians strike over Turks plan

A GENERAL strike by Bulgarians opposed to religious freedom for ethnic Turks closed shops and factories and brought transport to a standstill in several towns yesterday, Reuter reports from Sofia.

Sofia radio said all shops and factories were closed in the southern town of Kurdzhali, where protests began five days ago. Only milk and bread factories and hospitals remained open.

The strike began as a token two-hour stoppage. It spread to the nearby town of Haskovo, which, like Kurdzhali, has a large Turkish population, as well as Stara Zagora and Deznia, site of the country's biggest chemical plant.

Strikes were also reported in several towns in the northeast including Targoviste, Sumen and the Black Sea resort of Varna.

Thousands of Bulgarian protesters from the country's two predominantly Turkish-populated regions massed in Sofia on Thursday, threatening a nationwide general strike unless the Communist leadership reversed a decision to restore civil rights to the country's 1.5m ethnic Turks.

Under former leader Todor Zhivkov, overthrown in November after 35 years in power, Turks were forced to assume Bulgarian names and banned from practising their religion.

The new Communist leadership under Mr Petar Mladenov, worried at the harm to Bulgaria's image abroad, decided last month to restore full rights to the ethnic Turks.

The decision prompted protests by Bulgarian communities in predominantly Turkish provinces who feared their culture would be wiped out by the Turks.

Comecon puts reform high on its agenda

By John Lloyd

THE RESTRUCTURING of Comecon to reflect the changing face of Eastern Europe will be a key issue for the Soviet-led economic grouping when it meets in Sofia on Tuesday.

Comecon – the 10-member Council for Mutual Economic Assistance – comprises most East European states, along with Cuba, Mongolia and Vietnam.

Yesterday, Mr Marcin Swiecicki, the Polish Foreign Trade Minister, said at a press conference in Warsaw that Comecon was outdated and should be replaced by a less rigid organisation to co-ordinate economic activities.

This is a view shared by Moscow. On Thursday, Mr Sergei Ouganov, a member of the advance Soviet delegation in Sofia, said Comecon's members were agreed on the need to restructure the trade bloc. It was "a mechanism for co-operation which accomplished much for four decades... It has become old and should be replaced by a new structure"

The Polish Government refused yesterday to support a Czechoslovak proposal to dissolve Comecon completely.

Ms Malgorzata Niezabitowska, a government spokeswoman, said Poland was surprised by the proposal reported in a Polish newspaper interview by Mr Vaclav Klaus, the Czechoslovak Finance Minister, on Thursday after a day of talks in Warsaw. At the same time, Mr Klaus has denied that he had called for the end of the grouping, as reported in the interview.

In Moscow, a senior Soviet foreign policy analyst said yesterday that he did not expect that the pact would break up, but admitted that it now contained some countries who wanted "much more integration with the world economy" than others.

Mr Alexander Nekipolov, deputy director of the Institute for the Study of the World Socialist Systems, said that Tuesday's meeting in Sofia, the Bulgarian capital, would be important not for what was on the formal agenda but because "all the countries which will participate are interested in new approaches".

In the past year, all of the East European Comecon members have acquired new governments whose economic teams are generally of a free-market, even neo-liberal, bent.

However, Mr Nekipolov said that the root problem for all the East European countries was their dependence on the Soviet Union as the main customer – a dependence which could only be diminished gradually. The Soviet Union, by contrast, whose main exports are energy, is relatively well placed on world markets.

In the case of Czechoslovakia, for example – where the engineering industry is the most developed in Comecon – the Soviet Union takes 70 per cent of all engineering products. Mr Vladimir Dlouhy, the new Czechoslovak planning chief, has said that the quality is at present too low to allow the industry to find markets in the West, but that he fears a drop of some 30 per cent in Soviet orders.

A Romanian soldier (above) enjoys a joke with officers near his tank outside the Foreign ministry in Bucharest, where Mr Eduard Shevardnadze, the Soviet Foreign Minister arrives today for a two-day visit, reports Judy Dempsey from Bucharest.

Romania will seek more oil and energy supplies from the Soviet Union, even though Moscow is pressed to meet the quotas from other East European countries.

However, because of former leader Mr Nicolae Ceausescu's policy of turning any raw materials into exports, Romania has had acute energy shortages since the mid-1980s.

Dollar falls as US jobs growth fails to meet forecasts

By Anthony Harris in Washington

US NON-FARM employment grew by only 140,000 in December, or 85,000 apart from the effect of strike settlements. This was far below earlier averages and market forecasts, and the dollar fell on the news. Unemployment was unchanged at 5.3 per cent.

Employment growth was depressed by the continuing decline in manufacturing jobs, down by 25,000 (0.1 per cent), and a sharp fall in construction (down 38,000, or 0.7 per cent) from the previous month.

The manufacturing decline will accelerate this month, because lay-offs in the motor industry will reach a total of 142,000 during the current quarter. The construction figure probably reflects severe weather, but commercial projects are now slowing sharply.

At the same time there was news of a sharp recovery in factory orders in November, up 2.4 per cent after 1.1 per cent in the previous two months. As a result order books outside the aircraft industry rose for the first time this year; but again, market economists had been expecting a higher figure.

Hourly wages rose 0.6 per cent in the month, led by the real estate industry, where a major sales recovery generated large commission payments; for the year as a whole, hourly pay has risen by 4.1 per cent, and weekly earnings by 3.2 per cent, both figures below the inflation rate.

The recovery in orders in November was entirely in the durable goods industry. While aircraft orders continued to lead, with a 21.2 per cent rise, there were good rises in electrical machinery (up 7.7 per cent, mainly for defence communication equipment), other machinery and primary metals. However, orders for non-defence capital goods fell by 0.7 per cent, after dropping 5.6 per cent in the previous two months. Non-durable goods orders fell 0.3 per cent, and order books in the sector showed their third successive monthly decline.

Bonn fears for East Berlin opposition's chances

By David Marsh in Bonn

THE West German Government is becoming worried about the East German Communist Party's increasingly ostentatious attempts to consolidate power in East Berlin ahead of general elections there on May 6.

A series of statements from the Federal Republic yesterday underlined how the mood of harmony built up during Chancellor Helmut Kohl's visit to Dresden a week before Christmas is in danger of breaking down.

Mr Norbert Schaefer, a Bonn Government spokesman, said Mr Kohl's administration shared the anxiety of East German opposition groups that the non-Communist parties would not be given a fair chance in the elections.

Bonn fears that the opposition groups which formed an election alliance on Thursday are being prevented from organising themselves effectively during the election campaign.

Press and broadcasting is still in the hands of the Socialist Unity (Communist) Party (SED). The fragmented and inexperienced dissident groups lack telephones, meeting rooms, offices, printing presses and even paper on which to circulate their electoral messages.

West German politicians sense that the SED will make considerable pre-election capital out of plans agreed with Mr Kohl in Dresden for "confederative links" with Bonn.

Meanwhile, the Bonn Economics Ministry yesterday issued a strong call for West German companies to be able to buy majority stakes in East German businesses.

In a speech yesterday, Mr Helmut Haussmann, the Economics Minister, said he was sceptical about the SED's plans for economic restructuring.

The Confederation of German Industry (BDI), which has previously commented on East Germany's economic plans with studied moderation, is becoming worried that the 49 per cent rule will block off chances of full-scale industrial co-operation.

● East Germany wants to reduce its consumption of highly polluting brown coal (lignite) by at least 30 per cent over the next 10 years, says Professor Karl-Hermann Steinberg, the deputy head of the Ministry for Heavy Industry.

Professor Steinberg, on an environmental technology fact-finding visit to West Germany, admitted that burning brown coal in East Germany produces about 5m tonnes of sulphur dioxide per year, enough to make the country one of the biggest polluters in Europe.

He said use of gas and oil should be stepped up.

The country's nuclear establishment – which now has only one fully functioning power station, at Greifswald – is also pressing for an increased share for nuclear energy.

Reprieve for Gdansk shipyard

By Chris Bobinski in Warsaw

POLAND'S Gdansk shipyard, which was put into liquidation by the previous Communist Government 14 months ago, is to be reprieved, Ms Malgorzata Niezabitowska, the Solidarity Government spokesman, said yesterday.

Ms Niezabitowska said a joint stock company would be set up to take over the yard, the birthplace of Solidarity, issuing shares for sale to its employees as well as home and overseas investors.

Mr Tadeusz Syryjczyk, the Industry Minister, will appoint a working group to outline the details of the operation and determine the structure of the share issue, including the value which to be kept by the state.

The decision comes after a recent demand by Mr Lech Walesa, Solidarity leader, that the Government save the yard, as talks with potential Western investors drag on, the workers seek employment elsewhere and retaining orders are completed.

The new year saw the expiry of a letter of intent under which Ms Barbara Piasecka Johnson, a US millionaire of Polish origin, offered last summer to invest up to \$100m (£62m) in the yard; but Ms Niezabitowska said yesterday that "Ms Piasecka hadn't yet given up."

Bremer Vulkan, a West German shipbuilder, has also shown interest in a joint venture with the Gdansk yard.

Poland has five shipyards, all burdened with debts.

Bush basks in praise for Panama operation

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush was yesterday basking in bipartisan praise of his handling of the US intervention in Panama amid fears by leaders of the Democratic Party that he may enjoy lasting political benefits.

Mr Lee Atwater, chairman of the Republican National Committee, described the surrender of General Manuel Noriega as "a political jackpot", while even liberal Democrat Senator Edward Kennedy welcomed what he called "a triumph for diplomacy and a triumph for justice".

Political analysts said the relatively clean-cut military operation would underpin Mr Bush's already favourable public opinion ratings by presenting him as decisive.

Mr Stuart Eizenstat, the Carter administration's domestic policy adviser, said the events could be of long-term benefit to Mr Bush since "this could be formative in how people see him. When his presidency is tried by adversity, as it inevitably will be, his decline in popularity will not be as great as it would have been and his clout will be better."

Particularly striking have been the pictures in the past couple of days of Panamanian people kissing and cheering American soldiers.

Republican leaders are hoping that the success will, in words of Senate minority leader Robert Dole, put Mr Bush "in a very strong position" when Congress reconvenes and tackles the 1991 budget and other controversial domestic issues.

Democratic leaders have stressed the need for an early withdrawal of US troops and for substantial aid to support Panama's recovery.

Alliance threat to E German Communists

Opposition move could mean the end for the ruling party, Leslie Colitt writes

THE East German opposition's decision to form an alliance and jointly contest the first free elections next May 6 significantly strengthens their chances agaist the weakened but still ruling Communist Party (SED).

None of the six new parties and groups which joined forces on Wednesday night in "Alliance '90" stood a chance of outright electoral victory on its own. They lacked everything from access to the media, to telephones, office space and – most important – political experience and leaders. "We simply have too few candidates to contest countrywide elections," Dr Christian Pflugbeil, a spokesman of New Forum, the largest opposition group, noted.

Mr Markus Meckel, deputy head of the Social Democrats (SDP) was sceptical about the durability of the Alliance. He noted that it had come about at the insistence of Democracy Now, which was worried about losing members to the SDP.

It was too early to join forces, he suggested, as New Forum first had to decide whether it wanted to become a party or remain a loose grouping of citizens' initiatives.

"It would have been better to agree not to attack each other and then perhaps form an alliance six weeks from now," Mr Meckel said.

Important details of the alliance still have to be worked out, especially the means by which candidates are to be chosen. However, some parts of the programmes of the six opposition groups, insofar as they have been made known, are remarkably similar.

Although talks on joining

The opposition felt it was being fed crumbs of power at the round table

forces began in late October, tensions at Wednesday's round-table talks between the Government and the opposition gave the final impetus. Opposition groups accused the Communist-led Government under Prime Minister Hans Modrow of violating promises not to set up intelligence and counter-intelligence agencies from the remains of the detested Ministry of State Security before the elections.

But equally important, the opposition which helped bring about East Germany's "peaceful revolution" last autumn was frustrated over its unequal position. Instead of having one of their number occupying a key pre-election post, as is the case with the presidency in Czechoslovakia, or having a majority of cabinet posts, the East German opposition felt it was being fed crumbs of power at the round table.

In the event, however, the outcome of the elections is already being decided in West Berlin's Tauentzienstrasse and dozens of other West German consumer paradises being mobbed by visiting East Germans.

They stare at shop windows crammed with video-recorders and colour televisions at enviably low prices – for earners of hard Deutschmarks.

Strolling speechless through supermarket aisles, the easterners marvel at the abundance of products from all corners of the world which, in East Germany, only a corrupt leadership was previously able to afford.

This mass exercise in comparison shopping – the East Germans with 100 Mark bills bearing Karl Marx's portrait and worth only DM14 – is likely to be an insurmountable campaign hurdle for the SED. Virtually the whole population feels cheated of the results of its labour and appears unwilling to give even a totally renewed and democratic SED another chance.

German unity, long a dream of ordinary East Germans, has become a tangible political possibility for the first time in decades. The slogan "We are the people", chanted last October at pro-democracy demonstrations in Leipzig, has increasingly become "We are one people."

Opponents of unification, a

Mass comparison shopping is likely to be a campaign hurdle

minority consisting mainly of intellectuals, increasingly appear to be whistling in the dark with their calls for an independent East Germany and democratic socialism.

Dr Jens Reich, a founder of New Forum, admits that the overwhelming majority of his fellow citizens are clearly in favour of national unity. "The opening of the borders by the party, which it hoped would take people's minds off political reforms, is instead leading in a West German direction," he notes.

All the new political parties and movements sound much the same to the population, he says. They are social, free and democratic, and none has real leaders. New Forum, much like the Greens in West Germany, is allergic to strong leadership.

The SDP, which is being aided politically and financially by the Social Democrats (SPD) in Bonn, is New Forum's largest partner in Alliance '90. It has a good chance of attracting voters in this traditionally social democratic part of Germany although it has far fewer members than New Forum's 200,000. Unlike New Forum, however, the SDP favours unification with West Germany.

Democratic Awakening (DA), a Christian-oriented party, is much smaller than either New Forum or the SDP and has the support of Chancellor Helmut Kohl's Christian Democrats (CDU) in Bonn. Its left-wing opponents of unification left the party this week.

An opinion poll released this week by the Academy of Social Sciences in East Berlin claimed the SED would have gained 34 per cent of the votes if an election had been held late last month. But even the Communists doubt this.

A banner at recent demonstrations summed up the popular mood rejecting the reformability of the party: "I have only one life – no more experiments for another 40 years."

Honecker has cancer

Former East German leader Erich Honecker, toppled in October, has kidney cancer, the official ADN news agency said yesterday, Reuter reports from East Berlin.

ADN said no decision would be made on jailing Mr Honecker, 77, under investigation for abuse of office, until he had been treated.

Chile military bows to civilian régime

By Barbara Durr in Santiago

CHILE'S newly elected civilian authorities have come to an agreement with the military rulers on the role of the armed forces after the return to democracy.

The civilian-military accord, the first of its kind since elections last month ended Chile's 16-year dictatorship, is seen as a fundamental step in a smooth transition back to democracy. The military was due to hand over power in March.

The original legislative proposal of the regime had been widely criticised by the incoming Government as creating a "state within a state". The military would have acquired substantial powers independent of the civilian executive on such key matters as budget and appointments.

In discussions held during the last 10 days, representatives of the president elect, Mr Patricio Aylwin, have submitted a series of amendments that aimed to place the military more in its traditional subordinate role to the civilian executive.

The amendments were accepted on Thursday by negotiators for General Augusto Pinochet, including the Minister of Interior, Mr Carlos Caceres, and the Minister of the Presidency, General Jorge Ballerino. The changes were also backed by Chile's most important conservative party, National Renovation, which had given its nod to the government-elect's chief negotiator, Mr Edgardo Boeninger.

The most important of the changes is the elimination of the junta of commanders-in-chief, which would have had extraordinary powers, including a direct relationship with the president, and be able to conduct independent relations with any other government authority, thus undermining the Minister of Defence.

This provision of the proposed legislation was especially sensitive, given that under the current constitution commanders-in-chief of the armed forces cannot be moved by civilian authorities for eight more years.

Other amendments are to be made to the provisions on budgets and appointments. The original proposal allowed the military unusual discretion over its own budget. The president will also lose the power to appoint under-secretaries for the three armed services and his own military aides

IMF plunges into East European economic maelstrom

The recent political upheavals have opened up a difficult new area of activity, explains Peter Riddell

THE POLITICAL changes in Eastern Europe have opened up a large new area of activity for the International Monetary Fund and the World Bank - and both bodies are more than eager to be involved.

The IMF disclosed this week that it was in touch with all the countries of Eastern Europe which have recently experienced political upheavals. As with so much else, Albania remains the exception.

Officials talk of the difficulty of balancing gradualism with a shock or head-on approach. In the Polish case, the IMF believes the priority is tackling skyrocketing inflation. Officials note that there is no historical example of gradualism bringing such inflation under control.

The IMF's approach to Poland – in effect an example for other East European countries – is to combine this assault on macro-economic problems with international financial support (IMF standby credits, World Bank loans, short-term grants and loans from western countries and rescheduling of external debts) to provide a breathing-space for moves towards deregulation and a market economy.

The unusual feature is the coincidence of several countries and the scale of the change in economic structure. The IMF repeatedly stresses that if changes in Poland and other countries are to succeed, then the whole international community has to respond to make resources available "in an effective and timely fashion."

In detail, the IMF executive board will in the next few weeks approve a \$710m standby credit for Poland. In the second half of this year the Fund will begin talks on a larger three-year programme, possibly totalling \$2bn, provided the Polish authorities are taking strong and decisive measures.

In addition, Poland will shortly hold talks about rescheduling its near \$30bn of official debts with the Paris Club of creditor nations.

Having agreed an IMF programme, it also qualifies for relief on its commercial debts of about \$9bn under the terms of the Brady plan, the debt relief initiative of the US Treasury Secretary. The IMF is also looking to Eastern bloc creditors to play their part.

The IMF regards as "very courageous" – a euphemism for draconian – an economic reform programme which has just been submitted to the Hungarian Parliament. Talks with the Hungary are "well-advanced and should be concluded soon, though there are still some difficulties,"

Elsewhere, the IMF is still awaiting a formal application from Czechoslovakia to revive its membership which ceased in 1954. The IMF is prepared to act "as a matter or urgency" given the "tremendous economic difficulties" in the country.

Bulgaria has "expressed interest" in IMF membership and there have been a few contacts with East Germany – "friendly conversations, no more."

Romania has been a member of the IMF for 20 years, but the recent relationship has been estranged. The former Ceaucescu regime repaid loans from the IMF and the World Bank in the early 1980s and the country's finance ministers criticised the policies of both bodies, notably the conditions imposed in structural adjustment programmes.

The IMF and World Bank are naturally keen to reassure their regular customers in Asia, Africa and Latin America that they are not being ignored and that no special terms and principles are being applied to Poland and other countries.

Nevertheless, the IMF's emphasis on opportunities in Eastern Europe serves the immediate purpose of rallying support for an increase in its resources or quotas. The IMF executive board met yesterday – and is due to meet again next Monday and Wednesday – to resolve differences over the scale of the increase.

There are signs of a compromise somewhere around 45 per cent, and the Eastern Europe card is one of the strongest for Mr Michel Camdessus, the IMF managing director, and others favouring a large rise. If there is no agreement within the next few days there will be a meeting of the interim committee of finance ministers in 2½ weeks.

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OVERSEAS NEWS

Iraq tries to revive stalled peace talks

By Victor Mallet, Middle East Correspondent

PRESIDENT Saddam Hussein of Iraq yesterday sought to revive deadlocked negotiations with Iran over a Gulf war peace settlement.

In a speech broadcast live to mark the country's Army Day, the Iraqi leader also threatened to retaliate against Israel if it attempted to attack Iraqi military installations. Iraq's long-range missile programme is causing increasing concern in Israel and the West.

President Saddam's peace plan calls for Iraqi and Iranian representatives to meet face-to-face in Baghdad and Tehran alternately, under United Nations auspices, in order to reach a common understanding on UN Security Council Resolution 598 within three months.

The resolution's acceptance by both countries led to a ceasefire in August 1988 after eight years of war, but the two sides differ on how it should be interpreted. UN shuttle diplomacy and five previous rounds of indirect talks conducted through UN mediators have failed to make progress.

President Saddam also suggested the immediate release of sick and wounded prisoners of war, and of all captives taken from the start of the war in 1980 until the end of 1982. In addition, he proposed that the Iran-Iraq border should be opened and air links restored to allow people to visit Moslem shrines.

Iraq is particularly anxious to secure an exchange of prisoners because the continued incarceration of Iraqi soldiers is deeply resented by their relatives, who blame their own government as well Iran's. There are an estimated 100,000 prisoners, 70,000 of them Iraqis held by the Iranians.

Iran, on the other hand, is watching with alarm as Iraq develops its military industries, and Tehran sees the favourable balance of prisoners as one of its few negotiating cards. The Iranians are prepared to exchange all prisoners, but only if Iraqi forces withdraw from 1,000 sq km of occupied Iranian territory. They also want Iraq to be blamed for starting the war by invading Iran after the 1979 Islamic Revolution.

Other issues – most notably the status of the disputed Shatt al-Arab waterway on the border – are equally divisive, but neither country seems in the mood for a revival of hostilities. There was no immediate reaction to the new Iraqi proposals from Iran last night.

President Saddam's warning to Israel not to attack Iraq follows the launch last month of an Iraqi space rocket, which could carry a chemical or nuclear warhead to Israel and beyond if configured as a missile and equipped with an effective guidance system.

Hanoi and UK in row over boat people cash

By Robert Mauthner, Diplomatic Correspondent

VIETNAM and Britain yesterday traded accusations over the financial conditions attached to the resettlement of boat people returned against their will from Hong Kong last month, amid signs that the US might be prepared to soften its opposition to forcible repatriation.

The Hanoi Government yesterday accused Britain of holding back promised payments to help resettle Vietnamese returnees, 51 of whom have been forcibly repatriated from Hong Kong so far. But British spokesmen in Hanoi and London denied the allegation, claiming that the money had already been paid into Vietnamese bank accounts in London.

The money was blocked in Vietnam's own national banking system, the British embassy in Hanoi said.

Under the deal made by the Vietnamese and British governments, aimed at clearing the camps in Hong Kong of the 57,000 boat people who went to the British colony in the hope of eventually being able to emigrate elsewhere, Britain agreed to pay $620 for each returnee to help the Vietnamese authorities meet resettlement costs.

In return, Hanoi has undertaken not to persecute the returnees and to treat them in the same way as the 800 or so who have gone back home voluntarily. Two former British ministers yesterday left for Hanoi via Bangkok to monitor the conditions under which the returnees are being resettled.

Meanwhile, there have been signs of a softer stance from the US Administration. Though Washington can hardly be expected to drop its opposition to the principle of enforced repatriation, it recognises that the absence of any agreed alternative solutions is placing intolerable burdens on Hong Kong, which is expecting a new wave of boat people when weather conditions improve in March.

In the circumstances, the US might be persuaded to agree to some mandatory repatriation, but only on condition that screening procedures to establish whether boat people qualify for refugee status are greatly improved and that a proper international system to monitor their resettlement in Vietnam is put in place.

Vietnam allows Saigon loyalists to emigrate

NEARLY 15 years after the end of the Vietnam war, the first South Vietnamese government loyalists imprisoned in "re-education" camps have been allowed to emigrate to the West, AP reports from Bangkok.

About 75 Vietnamese, some imprisoned for more than a decade because they served the US-backed government toppled by the communists in 1975, arrived yesterday on a flight from Ho Chi Minh City. The 75 are the first of 2,000 who will leave Vietnam by April.

The US has resettled hundreds of thousands of Vietnamese since the war, but political quarrels barred progress on the re-education camp inmates.

A settlement was reached last July. US negotiator Robert Funseth said it would help heal "the last big wound remaining from the war."

Ho Van Phuoc, a former army helicopter pilot, talked about what he called the horrors of the camps. He said he saw about 25 people shot for trying to escape, while many others died of disease.

Hundreds of thousands of people were put into labour and political study camps because of their ties with the former Saigon government.

Peking's lonely hearts seek love in a leafy park

Old fashioned virtues are still in demand in spite of a novel dating service, reports Peter Ellingsen

IN DARK suits and leather jackets, some with cameras slung casually over a shoulder, the lonely hearts of Peking gather in a leafy park just west of Tiananmen Square.

"Love Corner" as this section of the Working People's Cultural Palace is called on Fridays and Sundays, is China's dating service. Hundreds turn up in the warmer weather to look for a partner. Under pine and cypress trees the mainly young singles eye each other shyly before making a "Chinese pass," an awkward stumble and a routine question.

It is not "Do you come here often?" though it could be, for many are regulars. As a 29-year-old nurse who had met "several" men at the park, none to her taste, explained, the typical line is even more prosaic. "They usually say something about the weather," she said, "we talk and if it's not working I say 'sorry, we don't seem to match.'"

There are more than 200,000 singles between 25 and 35 in Peking, and many of them have failed to find a partner through the usual avenues of friends, work, relatives or matchmakers.

Marriage remains mandatory for the mainstream, and though the capital has its share of dance halls and discos, they're costly and not easy to reach, making a visit to "Love Park" a favoured alternative.

Miss He, an office worker, came here in desperation. At 27, she is practically over the hill by Chinese standards, and says she is under a lot of pressure to marry. "I have only myself to blame," she says, "I missed chances in the past."

She wears expensive, well-cut clothes, de rigueur high heels and a touch of eye make-up and talks of "a warm family life," but not with just anyone. Like many of her generation with an education, she wants a college graduate.

The problem is that most of the eligible university men don't come here, and even if they did, they would want someone much younger. In China, where youth last year of all years, meant taking chances, the old restrictions sadly still apply.

To the four cardinal principles, five tenets of peaceful co-existence, six evils and the other myriad categories the regime has, we may now add the Two Desperations.

Though missing from official reports, the desire to (1) escape and (2) find a partner head the list for many of Peking's younger generation. If they can't get out, and most can't, they want to get hitched. A few just want to get laid but in the current climate of ideological moralising that can be tricky.

Free love did emerge briefly during democracy rallies earlier this year, when students of both sexes occupied commandeered buses in Tiananmen Square. "Bus bonking," however, was as uncharacteristic as it was short-lived, disappearing with other freedoms when troops invaded the city.

With the Party resisting Eastern European style liberalisation in favour of hardline Marxism, China's young are back in their segregated dormitories and courtship, like the other big C's, Confucianism and Communism, is once again a serious business.

In typical Chinese fashion there are ways to get round the restrictions. Students in big cities with indulgent parents can find places to be alone and Peking and Shanghai have their small arty cliques with the money, connections or gall to ignore convention.

But for the majority a spouse is the only path to intimacy and the equally central social acceptability marriage confers.

The problem is how to find a suitable partner. In Mao's mad Cultural Revolution comradeship replaced friendship and people married for obscure political, not personal reasons.

But as the soaring divorce rate at the end of that chaos showed, the trend was an aberration. China's marriage law says you should marry for "compatibility, political attitude and character." These peculiarly Chinese rules are back in fashion.

There are exceptions, but the norm is for women to marry up (the social scale) for cachet and for men to wed down for youth and beauty. Hence Miss He's dilemma.

Anywhere else she would be a spring chicken, but in China, despite the vigour and bravery of the student democracy movement, she is an old broiler. "I want my husband to be a college graduate," she says, but without an influential family (her parents are teachers) she is finding her age a barrier. Her plight is echoed by another 27 year-old educated woman who told a western researcher: "I never used to worry about (marriage), but my sister told me I had too many wrinkles. Women, especially unmarried women, fear them."

Neither woman appeared to be aware of feminism, nor the means educated western women have adopted to tackle similiar sex role stereotyping overseas. Urban China may have shaken off political and arranged marriage, but it has yet to abandon equally feudal ideas about love.

Even though romantic love has taken root among city intellectuals with the popularity of books like Zhang Jie's "Love Must Not Be Forgotten" and exposure to western films, university students, as Miss He's experience shows, still tend to embrace the standards mentioned in a recent People's Daily article: "age, height and education."

Quoting Peking University research,the Communist Party organ noted men valued "young and pretty" partners, while women emphasised height. Work by foreign scholars not indebted to the Party has found women also place a premium on "guanxi" or connections.

Also on the list of the matchmakers still busy in China are occupation, character, previous sexual history, and health.

Promiscuity has been culturally, as well as politically, frowned on, creating a compulsion to marry rather than date a friend, although this is changing in big cities.

But those who have multiple partners run the risk that their exploits will be recorded, and later used against them.

As a recent edition of the magazine Chinese Women observed, love outside marriage is an underground activity that leads to adverse public judgement.

Unlike China's late chairman, Mao Zedong, who had a reputation as a womaniser, the masses lack powerful friends, and suspicion of adultery or premarital sex can have implications forjobs, housing, access to travel and education.

Prostitution, of course, like homosexuality, is a crime, and though prevalent in brassy coastal centres like Guangzhou (Canton), leads to reprisals, mostly for women, as the recent filming of a foreign man having sex with a local girl in the lift of Beijing's luxury Palace Hotel illustrates. She was sent to work in the country. He left China a free man.

What this means is that, except for the privileged few, marriage is essential. Divorce is on the rise again among the middle class. In 1989 divorces, mainly instigated by women, topped 650,000, a 16 per cent increase over 1988. But the failure rate has done nothing to puncture the idealistic notions young Chinese have about marriage.

In a society where most possess little, and control even less, a partner offers sanctuary from official interference, and the hope of finding the Mills and Boon type love of their storybooks.

A Chinese pass, an awkward stumble, a routine question: lovers meet in the grounds of the old summer palace in Peking

Taiwan trade surplus sees another big rise

By Our Foreign Staff

TAIWAN's economic and financial prosperity was underscored yesterday by the release of official statistics showing that its trade surplus had risen by more than a quarter last year. In addition, both foreign investment in the country and Taiwanese investments abroad reached record levels.

The consumer price index, however, reached its highest level for eight years.

The release of these figures follows Taiwan's controversial application this week to join the Geneva-based General Agreement on Tariffs and Trade.

The trade surplus last year rose 27.5 per cent to $13.9bn from $10.9bn in 1988. This followed a record trade surplus of $18.7bn in 1987.

Exports last year rose by 9.3 per cent to $66.2bn, nearly twice the rate at which imports rose. These were up 5.8 per cent to $52.3bn

Taiwan's surplus with the US rose by 15.1 per cent to $12bn in 1989, a fact that will cause some concern in Washington. By contrast, the island's deficit with Japan rose by 15.2 per cent to $7bn.

Foreign investment in Taiwan hit an all-time high in 1989, rising to $2.4bn from $1.8bn in 1988, according to the Investment Commission. Most investments were in chemicals, electronics, banking, insurance and other service sectors, including hotels, department stores and supermarkets.

Japanese investors led with $641m, followed by those from Europe ($531m), the US ($348m) and Hong Kong ($248m).

Taiwan's investment abroad more than quadrupled in 1989 to $931m, against $219m in 1988, the previous high. But economists said Taiwan's actual investment abroad was at least five times higher than the official figure as many businessmen avoided official channels to escape taxation and disclosure of their businesses' value.

The US led the official list with $509m from Taiwanese investors, followed by Malaysia ($159m), the Philippines ($66m) and Thailand ($52m). Most of the investment went to petrochemicals, electronics, banking and trading.

Inflation reached its highest level for eight years, with consumer prices rising by 4.4 per cent compared with 1.3 per cent in 1988. It was fuelled by rising wages, higher food prices, service and educational fees. Last year's inflation figure was the highest since the 16.3 per cent of 1981.

● Taiwan's coal production fell sharply, by almost 36 per cent to 726,000 tonnes, during the first 11 months of 1989 compared with a year earlier, reflecting a labour shortage and rising domestic wages. The Energy Committee said it could not meet an earlier target of 900,000 tonnes for 1989.

Tokyo to halt aid to S Korea

By Robert Thomson in Tokyo

JAPAN has formally recognised that South Korea has graduated from developing country status by indicating that it will no longer provide soft loan packages.

A Japanese Foreign Ministry official responsible for foreign aid said yesterday that a $690m (£423m) low-interest loan now under negotiation is almost certain to be the last of a series of grants and loans that began in 1965.

"We have not formally contacted the Korean side to tell them, but I don't think that they will complain. We believe they share the same opinion about assistance," the official said.

The centrepiece of seven projects covered under the final loan, to be repaid over 25 years at interest of 4 per cent, is a project to expand subways in Seoul, the South Korean capital. In 1982, Japan agreed to provide $1.85bn in loans over seven years, and the $690m will bring that agreement to an end.

Soft loan packages from Japan have been viewed by some Chinese and South Korean officials as a form of war reparations, and negotiations on a third package of loans totalling Y810bn (£3.46bn) to China are expected in coming days after a freeze following the crushing of the pro-democracy movement in Peking in June.

South Korea itself established a government fund in 1987 to provide assistance to developing countries, and the Japanese Foreign Ministry official said that "as you know, the South Korean economy has been developing very rapidly."

Apart from the subway system, the last loan package, which has a seven years' grace period, will assist in projects for small and medium sized businesses, medical equipment and agriculture. A Japanese Foreign Ministry delegation is expected to visit Seoul in the next month to finalise the terms of the package.

● Japan's reserves of gold, convertible foreign currencies and special drawing rights rose $148m to $84.895bn in December, the Finance Ministry reported yesterday, AP-DJ reports from Tokyo.

This was the second consecutive monthly increase in reserves, following declines in the seven months from April to October.

The rise reflects the lower profile taken by the Bank of Japan in the foreign exchange market in the month. Quieter currency trading and a generally softer dollar meant that the central bank intervened less often in the market than in past months, when the dollar was surging.

India and Nepal set to patch up trade squabble

By K.K. Sharma in New Delhi

INDIA and Nepal yesterday seemed set to resolve their differences after their foreign ministers ended two days of talks expressing hopes that the traditional friendship between the neighbours would be restored.

Relations have been sour since March when India refused to extend Nepal's 10-year-old trade and transit treaty and rejected the country's request for separate treaties.

The Himalayan kingdom's economy was seriously disrupted after the flow of essential goods from India, especially petrol, slowed considerably. Virtually no diplomatic efforts were made to resolve the issue amid recalcitrance on both sides.

India's cool treatment of its small landlocked neighbour was mainly due to Nepal's tilt towards China, shown both in giving its exports preferential duties and in importing Chinese weapons. India was also worried by the smuggling of third-country goods across their long open border.

This week's talks follow a declaration by new Indian premier Mr V.P. Singh that he placed priority on improving relations with India's neighbours.

Although no concrete agreement has yet emerged, it is expected that Nepal's request for separate treaties on trade and transit will be considered sympathetically by India and that normal trade relations will be restored.

Japan's shoppers dip into lucky bags

A horse or a Mercedes – you can't lose in the annual lucky dip, reports **Robert Thomson**

FOR Japanese department stores, the start of a new year's trading is a chance to cultivate a cash-rich clientele with a curious blend of auspicious tradition and conspicuous consumption called a "lucky bag".

The lucky bag is a lucky dip – with the element of chance removed by the retailer, who ensures that New Year shoppers get value for money in the interests of continued custom. That humble tradition was maintained in the more modest offerings yesterday, the sealed Y5,000 (£21) lucky bags that sold out quickly in most large department stores.

Or you could buy a Y199m lucky bag which might turn out to contain a Mercedes 500SL, a golden statue of a Buddhist goddess, a diamond ring, and an exquisite 26-piece lacquerware set lovingly made in a small town on the west coast of Japan. Another department store is offering a Y199m package including a golden statue of a horse, a pearl and diamond tiara, and an assortment of diamond and gold jewellery.

The themes of these lucky bags are obvious. The 199 stands for 1990 and the horse statues (and, in one case, the real thing) are all symbols of the Year of the Horse, as well as being signs that some Japanese have more money than commitments at the moment.

Mr Tokuo Ohashi, sales promotion director at the Fujisaki Department Store, which has the Mercedes mix on offer, insists that the lucrative lucky bags are not a sign that money supply exceeds the supply of good taste.

"This is totally different from the vulgar prosperity of the new rich. This is a traditional goodwill sentiment of the merchant. It is a tradition that is 117 years old."

He said that a year's preparation goes into the lucky bag, which, in this case, does not come in a bag, and "I will have to start preparing soon for next year". Negotiations have begun with the "several" people who yesterday expressed interest in the package, and "we hope someone will buy it as a set", Mr Ohashi said.

The DAC City Marumitsu Store in Sendai, to the north of Tokyo, has two grand lucky bags, each with a house inside. Mr Hiroshi Shoji, chief of sales and planning, said that news leaked out about the contents of the bags before the New Year, and about 60 people wanted the two-storey houses, for which the buyer needs a plot of land, a very scarce resource in Japan.

"We have had five formal applications, and we have chosen two people who have land," said Mr Shoji, who also emphasised the tradition of the lucky bag.

"Our first sales for the year begin now and so we do our utmost to provide good service to our customers."

Department stores report that sales of lucky bags, big and small, have boomed after a slow January last year, when the illness and death of Emperor Hirohito demanded restraint. There is no such restraint this year – for Y19.90m you can buy a 150-year-old bonsai tree or a pair of Porsches.

No haven for leaking Iran tanker

THREE countries yesterday refused to grant safe haven to the crippled Iranian oil tanker which has leaked an estimated 19m gallons of oil into the sea off Morocco, AP-DJ reports from Madrid.

Spain yesterday denied a request to tow Kharg-5 to waters off Tenerife in the Canary Islands, a merchant marine official said. The tanker owners want to use the haven to transfer the rest of its oil cargo into another vessel.

A Portuguese navy boat was escorting Kharg-5 away from Madeira, after the tanker entered its territorial waters there, the national news agency Lusa said.

Curb on Arabs

Israel has stopped several prominent Arab leaders from the occupied territories from leaving the country this week, apparently reversing its willingness to let senior local Palestinians travel abroad where they were able to discuss peace efforts with Palestine Liberation Organisation and foreign officials, Hugh Carnegy writes from Jerusalem.

The freedom to make such contacts is regarded as an important element in peace talks between Israel and Palestinians, a process being promoted by the US.

Israelis shot at

The Israeli military reported that shots were fired at its troops in two separate incidents yesterday on the Jordanian border near a hot springs resort at the southern foot of the Golan Heights, Hugh Carnegy writes.

They said no Israelis were hurt, but said it was the fourth incident on the normally tranquil frontier this week.

Train staff sought

Police issued arrest warrants for three employees of Sangi village train station for allegedly fleeing Pakistan's worst rail disaster, which officials said left at least 285 people dead and 340 injured, AP-DJ reports from Sangi.

Rail spokesmen said an improperly-set switch apparently sent a loaded passenger train crashing into a parked freight train on Thursday near Sukkur.

HK inflation hopes

Hong Kong's inflation is expected to ease by mid-year, according to the Secretary for Economic Services, Ms Anson Chan, AP-DJ reports from Hong Kong.

Ms Chan made the prediction on the basis of the slowdown in the local economy after the shock of the June 4 bloodshed in Peking.

Greece prepares for Soviet migrants

By Kerin Hope in Athens

GREECE is hastily preparing to receive an unexpected influx of up to 100,000 immigrants from the Soviet Union, who belong to an ethnic minority of Greek origin known as the Pontians, in the next three years.

Their roots lie in the mountainous country bordering the southern coast of the Black Sea – "Pontos" in ancient Greek – but they mostly live now in the Soviet republics of Uzbekistan and Kazakhstan.

According to the Greek Foreign Ministry, there are some 500,000 Pontians in the Soviet Union, of whom at least 20 per cent are expected to take advantage of last year's lifting of restrictions on emigration and move to Greece.

More than 6,000 arrived in 1989.

Fears of ethnic violence or a renewed clampdown on emigration are triggering the exodus, according to the migrants, who come by train from Moscow and by ship from the Crimean ports. Their baggage includes Soviet-made televisions, air-conditioners and pianos, since they are permitted to take only $100 (£62) in cash with them.

"People are queueing up by the thousands to sell up and leave. House prices collapsed in our town. Then it takes days of waiting to get your things cleared through Soviet customs," says Mr Nikolaos Emeirides, 53, a civil engineer who arrived in November from Kazakhstan with his wife, three children and baby grandson.

Last year's stream of arrivals surprised Greek authorities accustomed to a hundred Pontians turning up every year at the invitation of relatives already established in Greece. Private hospitality was stretched to the limit before the Government stepped in over the Christmas holidays offering hotel accommodation.

"We're expecting anywhere between 10,000 and 25,000 Pontians to arrive in 1990. They're needed, but it will take time to settle them around the country," says Mrs Virginia Tsouderou, a conservative parliamentarian who is co-ordinating the all-party Government's reception programme for the Pontians.

The Pontians will be the largest single group of immigrants to Greece since the exchange of ethnic populations with Turkey brought about 1m Greeks into the country in 1923, causing years of economic and social disruption.

But with Greek authorities anxious to forestall what they call the "shrinking of Hellenism" because of a declining birth rate in Greece and the loss of ethnic identity among Greek communities abroad, the Pontians will be welcome, although many are unskilled workers and know little modern Greek.

The Pontians speak an archaic Greek dialect left over from the days of the Byzantine empire, mixed with Russian and Turkish. Their expulsion from Turkey to the Soviet Union is a footnote in histories of the First World War, but according to Greek scholars, it followed massacres at the hands of the Ottoman army.

"The Pontians had similar treatment to the Armenians. More than 350,000 were killed and another 500,000 were resettled in the Caucasus," says Mr Vlasis Agtzides, who is researching a doctoral thesis on the Pontians.

During Stalin's purges in the late 1930s, and again in 1949, Pontians were exiled to Siberia and the Soviet Moslem republics.

Despite the enforced moves, the Pontians clung to their Greek heritage, building traditional 19th-century mansions in the steppes of Kazakhstan decorated with classical columns.

In Athens, however, they are cramped into small flats in poorer residential districts, with little chance of finding work until they learn fluent Greek or until the Government completes plans to offer them jobs and homes in central and northern Greece.

Trafalgar House to close two steel fabrication plants

By Nick Garnett

TWO STEEL fabrication plants in Scotland and Greater Manchester are being closed by Trafalgar House, the property, shipping and construction group, with the loss of 550 jobs.

The plants, at Cambuslang near Glasgow and at Trafford outside Manchester, are part of Redpath Dorman Long (RDL), the steel fabricating business which Trafalgar House bought from British Steel in 1982.

Of the total job losses, 309 are from the Glasgow plant and the rest from Trafford.

The Scottish TUC described the Glasgow closure as a "bolt from the blue." Mr Campbell Christie, the general secretary, said shop stewards planning to fight the closure would have its full support.

"The company say that this is part of their preparations for 1992. If this is so, it augurs badly for the rest of Scottish manufacturing industry," he said.

Trafalgar House said the plant closures were part of a rationalisation plan involving the concentration of fabrication work at Cleveland Bridge and Engineering, RDL's fabrication operation at Darlington, County Durham.

Cleveland Bridge, also purchased by Trafalgar House eight years ago, is a more modern plant than those in Scotland and Trafford.

The two plants to be closed would have required heavy investment, but the weak steel market had some effect on the decision, Trafalgar said.

RDL fabricates steel for construction. Demand for the product has fallen in the UK because of a contraction in the construction industry.

Trafalgar said this year would be "tough." It also wanted to improve its efficiency because it expected increased foreign competition in the 1990s.

The two plants, which will close over the next four months, together produced about 30,000 tonnes of steel last year, with 40,000 tonnes produced at Cleveland Bridge.

Trafalgar said that Cleveland, by adding more shifts, could fill the production capacity lost with the closures.

Although there were no immediate plans to begin extra shifts , the company said that "wherever possible" people would be transferred to Cleveland from the other two plants.

It said the RDL name would be retained. RDL also includes a number of other offshore fabrication and engineering businesses.

Taylor Woodrow in Thames Water link

By Richard Evans

THAMES WATER, the largest of the 10 privatised regional water authorities, has signed an agreement with Taylor Woodrow to carry out construction projects that could be worth up to £200m over the next two years.

The contract, which will form a significant initial proportion of Thames's £3.9bn capital programme planned for the next decade, is an umbrella agreement setting out the terms for the design, management and construction of improvement works at many sewage and water treatment plants throughout the Thames region.

The immediate work to be undertaken by Taylor Woodrow, worth approximately £50m a year, is designed to upgrade facilities and to improve the services that Thames Water Utilities, the core subsidiary, provides to its customers.

The contract is the biggest in a number of innovative agreements concluded by the water companies in preparation for the big capital programmes planned for the next few years to bring drinking water quality, sewage outflows and beaches up to European Community standards.

Thames, rather than setting up its own construction subsidiary or letting out contracts on an individual basis, has decided to employ one contractor for a series of contracts. Taylor Woodrow will be assisted in design work by Binnie and Partners, the consulting engineers.

In contrast, Severn Trent, another leading privatised water company, has decided to form a joint venture with Acer group, an engineering consultant. The company, Acer Engineering, will be 35 per cent owned by Severn Trent and will carry out some of the company's extensive capital investment programme.

Within three years it is expected that the new company will have developed resources to tackle capital schemes worth at least £100m a year.

Probe on Hillsborough chief

THE MOST senior police officer present at the Hillsborough football ground when 95 fans were crushed to death is to be investigated by the Police Complaints Authority, it was disclosed yesterday.

Mr Walter Jackson, who at the time was Assistant Chief Constable (Operations), was a guest at Hillsborough for the ill-fated game between Nottingham Forest and Liverpool at Sheffield on April 15.

Mr Trevor Hicks, the father of two teenage girls who died in the crush, has written to the South Yorkshire Police Authority to complain about Mr Jackson's actions. South Yorkshire Police Authority confirmed that the complaint had been referred to the Police Complaints Authority.

Lloyds chief to stay on at bank

By David Lascelles, Banking Editor

MR BRIAN PITMAN, the chief executive of Lloyds Bank, is to stay on at the bank beyond 1991, when he was due to retire.

The bank's board said yesterday it had asked Mr Pitman, pictured above, to stay beyond the normal retirement age of 60 to complete the current phase of the bank's restructuring.

The news was welcomed in the City, where Mr Pitman has been closely associated with Lloyds' drive for increased profitability and its diversification into a wider range of financial services, including its merger with Abbey Life.

Lloyds has also recently started restructuring its domestic and foreign operations, in a move aimed at cutting red tape and pulling the bank out of unprofitable businesses. A capital spending programme is planned to remodel branches and instal a new computer system.

No fresh date has been set for Mr Pitman's retirement. Mr John Dawson, his assistant chief executive, said he would be retiring early from the bank's management to ease the planning of successors in the bank's top management.

Mr Dawson, who is 54, will remain a Lloyds director.

COI holds on to its Whitehall publicity role

By Raymond Snoddy

THE Central Office of Information, the Government's information arm, has held on to most of its work for government departments even though the departments have been freed to go outside for most publicity services.

Mr Mike Devereau, director general of the COI, said yesterday in the organisation's annual report that "levels of business remained buoyant" even though departments had been "untied" from the COI.

Government departments, however, do still have to use the COI for advertising.

Mr Devereau said the COI's buying power and its knowledge of the media market place resulted in savings of more than £24m for its "customers" – the government departments.

For the fifth consecutive year, the COI recovered the full cost of its operations, as it is required to do.

Turnover at £141m was 3 per cent lower in real terms than in the previous year, mainly because of a 10 per cent drop in advertising revenue from £95.9m to £86.2m.

One of the factors affecting levels of advertising spending by individual departments is whether or not large privatisations are under way.

Department of Trade and Industry use of COI services increased by 165 per cent during the year, and Education and Science use rose by 57 per cent.

Use by the Department of Transport was down by 63 per cent.

Rover Group reduces US prices by 5%

By Kevin Done, Motor Industry Correspondent, in Detroit

ROVER GROUP, the leading UK car producer, has been forced to cut the prices of its cars in the US by 5 per cent in an attempt to revive flagging sales.

Sales of the top-of-the-range Rover 800 executive car, sold as the Sterling in the US, plunged by 33.6 per cent last year, according to figures released yesterday. In sharp contrast, Rover's separate Range Rover of North America subsidiary emerged as one of the most successful vehicle importers into the US last year with a 41 per cent jump in sales of its Range Rover luxury four-wheel drive vehicles to 4,822.

Sterling sales fell to 5,907 last year from 8,901 in 1988 and 14,171 in 1987, the year Rover re-entered the US car market with the launch of the Sterling.

Rover is already offering discounts of $5,000 (£3,067) per car on 1989 model-year cars in order to reduce its US stocks of last year's models. However, the 1989 model-year cars are selling at around $22,000 against a list price of $29,975, after the discount plus additional dealer discounts. Rover hopes to reduce the use of discounts once the 1989 stocks are cleared.

The group has drastically reduced its planned output for the US market this year at its Cowley, Oxford, assembly plant, to adjust to the drop in sales and to bring its stocks into line with demand.

It is believed Rover has cut its planned output of Sterling models for the US for the 1990 model-year (October 1989 to September 1990) to only around 4,000 units.

The reduction in output for the US market has been an important factor behind the recent lay-offs on the Rover 800 assembly line in Cowley, where the 1,200-strong workforce has been on short-time working since the beginning of November.

The 5 per cent price cut means the top-of-the-range Sterling model will sell for $28,500 from $29,975.

At the same time, Sterling Motor Cars, Rover Group's US car sales subsidiary, is introducing a limited number of a so-called Sterling Oxford Edition at $29,500, with $3,000 of equipment, such as cellular telephone and compact disc player with a six-disc changer standard to the model.

Most of Rover's European competitors in the fiercely competitive US luxury and executive car market have also faced severe problems in the last two years as demand for luxury European imported cars has fallen sharply, exceeding the general fall in US new car sales in 1989. Rival companies such as Audi, BMW, Volkswagen and Jaguar have also cut prices in the US in an attempt to boost sales.

Rover has faced particular problems with Sterling and was dogged from the outset by quality and reliability problems.

The US company, formerly called Austin Rover Cars of North America (Arcona), has been reorganised twice since the Sterling launch in 1987, and Mr Graham Morris, formerly head of the Leyland DAF van operations in the UK, was appointed as the third chief executive in three years at the beginning of 1989.

Mr Morris said Rover remained totally committed to the US market.

It planned to launch a coupe version of its new generation Rover 800 executive car range in 1992, to be followed by the new generation saloon and hatchback executive cars, code-named R17/18, currently under development.

Rover is also planning a convertible version of the R17/18 aimed, like the coupe, specifically at the US market.

In addition to price-cutting and lowering production, the group is trying to improve its dismal customer satisfaction ratings.

New car registrations at record for fifth year

By John Griffiths

NEW CAR registrations in the UK rose to a record 2,300,944 last year, the fifth record year in a row. However, registrations have fallen below year-ago levels for the past two months and the industry is resigning itself to lower sales this year.

The drop could be as much as 8.5 per cent, according to Mr Peter Batchelor, executive director, sales and marketing, of Vauxhall, which achieved second place in the UK sales charts – behind Ford – for the first time in its history.

Mr Simon Foster, director of the Society of Motor Manufacturers and Traders, was less specific yesterday, saying only that "it is unlikely that 1990 will exceed last year's record figure."

If Mr Batchelor is right, the UK market will remain comfortably in excess of 2m, at 2.1m units – well above most manufacturers' expectations as recently as three years ago.

The market share taken by importers rose slightly last year to 53.93 per cent, from 53.76, and was up slightly in December as well.

However, the SMMT's Mr Foster pointed to falls in import shares during other recent months and forecast that imports would continue to decline during the 1990s, as Toyota and Honda production came on stream and sales from Nissan's and Peugeot's UK plants expanded.

This trend was not apparent in the case of Nissan and Peugeot last year, however. Both saw reductions in market share of their UK-built models.

Ford remained the clear market leader, with a share of 26.45 per cent – well off its target of 30 per cent.

The big gainer was Vauxhall. Its market share jumped by more than 1½ percentage points to 15.21 per cent, relegating Rover Group to third place. Vauxhall sold a record 303,565 cars, breaking through the 300,000 threshold for the first time.

Mr Batchelor forecast yesterday that this year Vauxhall would sell 365,000 cars – a 20 per cent rise – for a 17 per cent market share, as production of Cavaliers and Astras was stepped up, helped by a £56m paint plant due at Ellesmere Port this summer.

The year's "top ten" best sellers were: 1 Ford Escort, 181,218; 2 Ford Sierra, 175,911; 3 Ford Fiesta, 149,358; 4 Vauxhall Cavalier, 130,615; 5 Vauxhall Astra, 115,294; 6 Rover Metro, 99,373; 7 Vauxhall Nova, 71,047; 8 Ford Orion, 68,598; 9 Rover 200 Series, 68,316; 10 Rover Montego, 57,835.

UK CAR REGISTRATIONS

	December				Year to date			
	1989	%	1988	%	1989		1988	%
Total market	86769	100.00	91628	100.00	2300944	100.00	2215574	100.00
UK produced	39971	46.07	42369	46.24	990569	43.05	965883	43.60
Imports	46798	53.93	49257	53.76	1310375	56.95	1249691	56.40
Ford	23965	27.62	22866	24.96	608617	26.45	583790	26.35
Rover group	13936	16.06	15106	16.49	312306	13.57	332607	15.01
Vauxhall/Opel	14255	16.43	15914	17.37	349901	15.21	303565	13.70
Peugeot/Citroen	6516	7.51	6747	7.36	205367	8.93	193755	8.74
Audi/VW/Seat	3339	3.85	3986	4.35	138030	6.00	130240	5.88
Nissan	3051	3.52	5021	5.48	138437	6.02	134724	6.08
Renault	4103	4.73	2481	2.71	88111	3.83	85592	3.86
Volvo	2794	3.22	4097	4.47	81706	3.55	80427	3.63
Fiat/Alfa/Lancia	2633	3.03	4223	4.61	77485	3.37	82779	3.73

Source: Society of Motor Manufacturers and traders

BP staff fear job losses in wake of central office 'shake-up'

By Steven Butler

BRITISH Petroleum yesterday signalled to its staff the likelihood of a big shake-up in its central office later this year that could lead to significant job losses.

In an internal memo distributed to all BP staff worldwide yesterday, Mr Robert Horton, chairman designate, said that the results of a review of group operations, dubbed as "Project 1990," would be announced in late March.

The planned announcement was in order to reduce uncertainties over changes to BP's corporate structure and management processes.

The precise nature and extent of the proposed changes are still unclear.

Mr Horton said, however: "I do not underestimate the degree of change which will be required."

He said that staffing changes would be concentrated at the centre of the group and promised that personnel decisions would be handled with "respect and care for individuals."

BP staff said the memo had a tone which was similar to preliminary indications of the restructuring of BP Exploration. The restructuring, announced last September, led to the elimination of 1,700 jobs worldwide.

Mr Horton has been leading a team of seven who are looking at ways of improving the operation of the group. The full board of BP met on December 14 and endorsed the work of the team.

BP is the world's third largest oil company and employs 120,000 worldwide.

The memo also discussed the results of a survey of 4,000 BP employees which involved 500 in-depth interviews.

The survey uncovered widespread complaints about excessive complexity, bureaucracy, and inefficiency in the company.

One aim of the restructuring is to tackle these problems by simplifying management and fostering a corporate culture based on team spirit, trust and co-operation, and shared values.

The effort also aims to eliminate a perception within the company that little care is given to individual development.

BP yesterday also announced changes in responsibilities of its managing directors which appear to put virtually the entire operation of the group in the hands of Mr Horton, and Mr David Simon, who is to be appointed deputy chairman.

Mr Simon will become chief operating officer for the group, in charge of day-to-day operations, while Mr Horton will concentrate on policy and strategy.

Standard Life endowments hit

By Eric Short, Pensions Correspondent

STANDARD LIFE, one of Britain's largest mutual life companies, yesterday reported a 30 per cent drop in new annualised premiums on its mortgage endowment business for last year from £146m to £100m.

This fall by a leader in the field illustrates that last year's collapse in the UK housing market hit not only those life companies with estate agency operations but also those which specialise in marketing endowment contracts.

A similar picture is shown in the new business figures from Scottish Amicable Life Assurance Society, the Glasgow-based mutual life company, where new annualised premiums fell 32 per cent to £36m.

However, for both these companies, last year's house market collapse coincided with a sharp rise in pensions sales as the important reforms made in 1988 by the Government, including the introduction of the new-style personal pensions, took effect.

Standard Life reported personal pension sales almost double those in the previous year, itself very buoyant, with premiums rising from £226m to £437m.

Scottish Amicable showed an even more impressive pensions growth, albeit from a lower base, with premiums rising from £38m to £129m.

Sales of ordinary savings contracts remained somewhat dull. Nevertheless, the pensions boom enabled Standard Life to report total new premiums almost doubling to £1.32bn, with Scottish Amicable showing a similar proportional new premium increase to £341m.

New business figures for the whole of the UK life assurance industry are expected in a few weeks from the Association of British Insurers. They are expected to show a similar overall growth pattern.

Concern over trials of cheap foreign coal by power industry

By Maurice Samuelson

THE ELECTRICITY industry, which recently agreed to retain British Coal as its dominant supplier for the next three years, is testing cheap foreign coal at power stations throughout the country.

Some 40,000 tonnes of Australian coal were tried out last week at the Trent Valley's Cottam power station, owned by the PowerGen division of the Central Electricity Generating Board. Colombian coal has also been tested there.

Like similar trials carried out by the bigger National Power company, the aim is to prove the burning characteristics of different coals and compare their final costs of delivery with those of local supplies.

Although the tonnages are relatively tiny, the trials are regarded with concern in the coal industry, which fears the generating companies are flexing their muscles in preparation for large scale coal imports later in the 1990s.

The Cottam power station is one of a number on the River Trent which rely principally on the nearby Nottinghamshire coalfield, manned mainly by members of the Union of Democratic Mineworkers. It also uses coal from Yorkshire.

The Australian cargo, accounting for only a few days consumption, was shipped from Rotterdam through the River Humber, where there are plans for new docks to unload large ocean-going vessels.

PowerGen is understood to have told Mr Roy Lynk, the UDM president, that because of tightening pollution standards, low sulphur coal would be needed to "sweeten" the higher sulphur British fuels. It also claimed this could be achieved by using more coal from British opencast pits.

Under their recent agreement with British Coal, National Power and PowerGen agreed to purchase a total of at least 70m tonnes a year for the first two years.

In the third year, the order would fall to 65m tonnes, largely to reduce overall sulphur emissions.

Electricity officials say that this reduction will be barely sufficient to meet the tightening European Community emission standards, to be introduced in phases in 1993, 1998 and 2003.

An internal CEGB study about 18 months ago suggested that at least 10m tonnes of low sulphur imports would be needed to meet only the first stage in this timetable.

Two other ways of cutting the industry's sulphur output will be to build flue gas desulphurisation (FGD) plants at big coal-fired power stations and to generate more electricity with natural gas.

National Power is building a FGD plant at its 4,000 MW power station at Drax, North Yorkshire, and PowerGen is expected to announce a similar scheme at its 2,000-MW station at Ratcliffe on Soar, Notts, within the next two months.

Both companies also have ambitious plans for new gas-fired power stations.

MR GIL BLACKMAN has been appointed chairman of the Central Electricity Generating Board until the end of March, when the board will be replaced by four successor companies in the run-up to electricity privatisation.

Mr Blackman, aged 64, the board's deputy chairman, succeeds Lord Marshall who resigned last month after the Government decided to exclude nuclear power from privatisation.

Flotations 'lost popularity' last year

By Clare Pearson

COMPANY flotations on the London stock market lost popularity last year as new issue volume dropped to lower levels than in any of the previous five years.

According to statistics produced yesterday by KPMG Peat Marwick McLintock, the accountancy firm, fewer companies joined both the Unlisted Securities Market and the official list last year, and they raised much lower amounts of funds.

In spite of the boost provided by the November privatisation of the water and sewage industry, when 10 companies were floated simultaneously, the aggregate number of new issues fell to 138 – 26 per cent down on 1988's tally of 187.

Water, which became the third biggest privatisation issue ever when it joined the market at a price-tag of £5.24bn, gave a late boost to the amount of funds raised.

COMPANIES JOINING THE MAIN MARKET AND UNLISTED SECURITIES MARKET

	Number of issues	Funds raised (£m)*
1984	172	2,263
1985	169	1,658
1986	203	2,330
1987	197	2,593
1988	187	1,555
1989	138	1,005

*Figures exclude issues where funds over £1bn were raised, and £975m issue for Abbey National

Source: KPMG Peat Marwick McLintock

This rose to £7.22bn, against 1988's £4.06bn.

However, taking out water and the £975m June flotation of Abbey National, the former building society, the picture changes dramatically. Once the £2.5bn issue for British Steel is also excluded from the 1988 figure, the comparative figures are £1bn for last year – down from £1.6bn in the previous year.

Peat Marwick says it is appropriate to exclude the Abbey issue, comprising a mixture of free and new shares both offered to existing members of the society, because there was no comparable flotation in previous years.

Growing concerns about the economic outlook, and in particular the effect of higher UK interest rates on smaller companies, appear to have been important factors in the new issue slowdown.

"But both the main market and the Unlisted Securities Market picked up substantially after a slow start and prospects look good for 1990," Mr Ray Mackie, head of new issues at Peat Marwick, concludes.

He believes proposed changes to Stock Exchange new issue rules, expected to come into effect in a few weeks' time, should stimulate interest in flotations as well as making it easier for companies to enter the markets.

The Stock Exchange has proposed that companies coming to the main market will need to show a trading record of three, rather than five, years, while those going to the USM will have to show a two, rather than three, year record.

Peat Marwick's sectoral analysis shows investment trusts accounted for one third of new entrants to the main market.

Big changes on the way, Page II, section two.

UK NEWS

Alan Harper

Hoping for a better future: children at the Harry Roberts nursery school in the London borough of Tower Hamlets

Locked into a lifestyle under siege

Alan Pike finds deprivation and racial violence in Tower Hamlets

AN ASIAN father of five children told the staff of the Bethnal Green Rights Shop in east London how he could not cope on the invalid care allowance received for looking after his wife, who suffers from an acute psychiatric disorder.

So he applied for an increase in the allowance. To his bewilderment, this provoked a decision to cut it. Now the advice workers at the Rights Shop, in the borough of Tower Hamlets, are helping him across the form-filling hurdles of appealing against the action.

It is a typical incident for the Rights Shop, where each week hundreds of callers bring problems involving social security benefit claims, housing and an array of other difficulties which contribute to every-day life for many people in this deprived, inner-city area of London.

The client's ethnic origin is also typical – almost all the people visiting the Rights Shop are Asian, the great majority Bangladeshis.

To an extent this reflects the ethnic make-up of Tower Hamlets, where Bangladeshis are the borough's largest ethnic minority group and comprise about one-third of the population. But it also reflects a fact of inner-city life which is repeated around Britain.

Members of ethnic minority communities are disproportionately likely to be suffering from high unemployment, poor housing, low incomes, health problems and other manifestations of deprivation which turn them into clients of advice centres and the social security system.

In Tower Hamlets, a shortage of teachers adds to the problems, but even this is not the worst of it. The area has gained an unenviable reputation for racial violence and other forms of harassment – this is again a national problem, but one which community leaders say is particularly rife in Tower Hamlets.

Recent Home Office evidence indicates that the vulnerability of the Asian community to racial attacks worsened between 1981 and 1987.

Mr Mohammed Haque, chairman of the Committee for Bangladeshi Rights in the UK, lives in Tower Hamlets and says families in many parts of the borough are having to "live in conditions of virtual siege after dark" because of fear of racially-motivated violence.

He says: "Europe has seen so many changes in the cause of freedom and democracy this year yet here in London, within five miles of Parliament, young children have to be taken by bus 100 yards to school to protect them from racial harassment.

"The whole Bangladeshi community is being intimidated by racial violence and harassment, and we cannot say Britain is a truly free society while the rights of a section of its population are being threatened and diminished in this way."

The Committee for Bangladeshi Rights was formed last year because of feelings in the Bangladeshi community that established civil liberty organisations were not giving sufficient attention to their concerns. It is campaigning to attract greater Parliamentary and public attention to racial violence and other problems facing Bangladeshis.

Last month the Commons Home Affairs Committee produced a report calling on police forces to give the highest priority to tackling racial incidents. In Tower Hamlets, the problem has led to a declining relationship between the Bangladeshi community and the police.

In an incident last summer which has taken on considerable symbolic importance in the borough, large numbers of Bangladeshis were arrested during a demonstration outside a police station.

Community leaders contrast this with what they see as the failure of the police to make any impression on halting the racial attacks.

The second largest ethnic minority group in Tower Hamlets is Afro-Caribbean.

Mr Mahtarr Samba, co-ordinator of the Tower Hamlets Afro-Caribbean Association, says: "There tends to be an attitude in the local authority and other official bodies that because the Afro-Caribbean community speaks English and has been around for quite a while it has no particular problems.

"In fact, there are problems ranging across housing, education, employment and welfare because of the failure to develop adequate policies to overcome disadvantage."

Employers, says Mr Samba, still apply negative racial stereotypes when considering members of ethnic minorities for employment, leading to disproportionate numbers of people from these communities being unemployed or else working in jobs below their skill levels.

The huge London Docklands development, taking place in Tower Hamlets and surrounding boroughs, is seen locally more as a sign of this disadvantage than as a cause for hope. Without a strong programme of positive action, community leaders are convinced that Docklands will offer employment to people from other parts of London and the south-east but by-pass the local community.

Mr Samba says: "I do not want the only black people in Docklands to be those doing the security jobs with long hours and poor pay.

"There is an urgent need for a well-planned access scheme, combining good quality training with commitments from employers, so that local people can share in the full range of job opportunities which the Docklands development will bring."

Such a programme might help lift Tower Hamlets and its neighbouring East London borough of Hackney from their positions at the top of the national league table of disadvantage measured in terms of factors such as levels of poor housing, unemployment and single parent families.

The people reflected in these statistics are, to an increasing extent, members of ethnic minorities – the East London boroughs have some of the largest ethnic minority communities in the country – who are, says Mr Samba, "locked into lifestyles from which there is no escape."

US investigators may press for details on Lockerbie

By Jimmy Burns

SENIOR US aviation investigators are travelling to London within the next three weeks to examine security arrangements at two British airports as part of a presidentially-backed inquiry into global airline safety in the wake of the Lockerbie disaster in which 270 people died.

It is likely to lead to renewed pressure on the UK Government to provide detailed information about British airport security and Lockerbie.

British ministers have said that the Transport Department has been limited in the information that can be made public by security considerations and the criminal investigation into the Lockerbie disaster.

However, officials close to the US Presidential Commission on Aviation, Security and Terrorism this week made it clear that, while not wishing to do anything that might undermine the criminal investigation into Lockerbie, they consider the commission has a wide-ranging brief to examine airport safety as it affects US carriers.

During the first public hearing last year, the commission's chairwoman, Ms Ann McLoughlin, told relatives of Americans who died in the Lockerbie disaster: "We won't let you down. We will let the chips fall where they may."

The commission, which includes four members of Congress, has a $1m (£613,500) budget to make detailed recommendations on aviation safety to President Bush in May. The White House will make the report public.

The US investigators are still in the process of drawing up a final agenda. However, it is understood that they will be seeking detailed interviews with senior security officials at Gatwick and Heathrow airports as part of their report. Senior investigators are also visiting Frankfurt and Brussels airports.

One official close to the presidential commission said this week: "We are looking at the security process in these airports to try and determine its efficiency . . . where is the soft spot which allowed something like Lockerbie to happen?"

The determination to press for detailed information from UK aviation security officials underlines the extent to which the lines of territorial responsibility have become blurred as individual governments take steps to ensure safety of their national airlines.

Last month the organisational and technological shortcomings of the world's civil aviation system were strongly criticised in a paper published by the London-based Research Institute for the Study of Conflict and Terrorism.

The paper's author, Professor Paul Wilkinson, predicted this week that the visit of the US investigators could leave some UK officials with little option but to impart information which has so far been denied both to Parliament and the relatives of the Lockerbie disaster.

He said: "Even if there is an attempt at an official cover up, it won't do any good. People are going to want to talk . . . the Americans will be quite determined to look at everyone's role."

The Government is ultimately responsible for security at British airports. Statutory standards for security at airports were laid down by the Aviation Security Act 1982 and are implemented by the Transport Department.

The Labour Party has been demanding an independent inquiry into the Transport Department's handling of the warning about the bombing before the Lockerbie tragedy. Labour believes that airlines and airports were given inadequate information about the terrorist threat and that insufficient steps were taken to tighten airport security.

Londonderry likely to gain 500 jobs

By Our Belfast Correspondent

LONDONDERRY, Northern Ireland's second city, is expected to gain 500 jobs through a new manufacturing operation.

Mr John Hume, leader of the nationalist Social Democratic Labour Party and MP for Foyle, said he was confident of a boost in employment in the first two months of the year.

He declined to elaborate on the project. However, it is thought to centre on the establishment of an industrial zone in the west of the city. The province's Industrial Development Board said it did not comment on speculation about possible inward investment.

● The first sod was cut yesterday for a £7m cargo facility at Belfast International Airport.

OBITUARY

Mr Len Miller

MR LEN MILLER, a former advertisement manager of the Financial Times whose service with the newspaper spanned 45 years, has died at the age of 84.

Mr Miller, who was born in London, joined the Financial Times in 1924 as a clerk in the fledgling advertising section and later became an advertising representative.

During the Second World War he was mentioned in despatches for his service as an RAF flying officer with a unit intercepting German signals traffic in North Africa, Sicily, Italy, and subsequently Germany.

He rejoined the Financial Times after the war and in September 1960 became deputy advertisement manager responsible for dealing with a large number of advertisers and agencies. A hard-working man who was committed to the FT, he was highly regarded within both the newspaper and advertising industries.

Mr Miller retired in January 1969. He leaves a son and daughter.

EMPLOYMENT

Senior medical staff fear that standards are slipping away

Jimmy Burns and John Authers report from hospital casualty units

Alan Harper

Police and army co-operate to take a casualty to London's St Thomas's Hospital

FOR ABOUT fifteen seconds just before Christmas, the resuscitation room at London's St Bartholomew's hospital was plunged into a brief but potentially disastrous organisational nightmare.

Doctors and nurses found themselves temporarily out of position to carry out their tasks because an emergency patient picked up from the streets by an army medical stretcher team was carried into the room the wrong way round.

According to David Skinner, consultant at St Bartholomew's, the incident is illustrative of the kind of general lack of procedural knowledge which has made the Government's use of police and army personnel during the ambulance strike a potential hazard to patients.

Yesterday he contrasted the confusion with the speed and efficiency with which a striking ambulance crew member had voluntarily come to the aid of a 35-year-old man who had collapsed with a heart attack, reviving him with the use of a defibrillator.

Mr Skinner said: "There is a general lowering of standards to a point which is just not good enough. For us doctors, the dispute has been an eye opener. We had got used to the high standard provided by ambulance crews before the strike and had tended to take them for granted."

At St Bartholomew's, doctors are still in the process of compiling statistics on the deaths of patients that have occurred during the dispute.

Mr Skinner was adamant that the pattern at St Bartholomew's would be similar to that of another London hospital, St Thomas's, where, according to David Williams, the president of the Casualty Surgeons Association, the number of deaths has risen by 30 per cent since the dispute began.

At another London hospital, Charing Cross, Mr Hugh Millington, head of the largest accident and emergency department in the North West Thames region, has recorded 20 deaths either in his casualty department or on the way there since the police and army had intervened. This compares with 37 deaths in the same period last year.

Mr Millington, however, insists that the statistics in themselves do not provide an accurate picture of the impact that the dispute is having on patient care.

"What we are missing is the assessment a professional ambulance worker makes of the patient and which helps doctors and nurses manage properly," he said yesterday.

Often it was not just patients but their relatives and friends who were suffering because of the absence of a normal service, according to Mr Millington.

He gave as an example the shock suffered by a parent who had recently dialled 999 after she found her baby dead in its cot. The response had been delayed and had eventually come in the form of policemen who had restricted themselves to taking the body to the hospital.

Mr Millington said: "The parent couldn't understand why an ambulance hadn't come and as a result was very distraught. She will always be left with the question: what if . . ."

In the regions, the Newcastle Royal Victoria Hospital yesterday reported an increase in the number of patients dying in casualty or dead on arrival in December 1989 compared with the same month in 1988. The December increase was from 15 deaths in 1988 to 22 in 1989.

Mr Asit Maitra, consultant in charge of accidents and emergencies, said: "Our department gives extended training to ambulance paramedics. We know they do a valuable service and I know they are valuable. We therefore feel, although we cannot prove it, that the absence of the pre-hospital care must be affecting patient care."

Both the Coventry and Warwickshire and the Birmingham Accident hospitals said they they had no knowledge of an increase in patient deaths that could be made directly attributable to the dispute.

But Mr John Sunderland, Commissioner-in-Chief of St John's Ambulance Brigade, which has been helping police and army crews in the Midlands area, said yesterday that it was becoming increasingly difficult for volunteers to run a day-time ambulance service.

Union officials have been insisting from the early days of the dispute that military and police personnel, together with voluntary services would be unable to cope efficiently and effectively with accident and emergency calls.

For the first time, however, controversy about who suffers when and why is being fuelled by statements made by senior members of the medical profession who appear to be challenging not just the credibility of the Government but the wisdom of the continuing refusal of both sides to compromise.

Mr Skinner appear to be echoing many others yesterday when he said: "The general feeling is very strong among us. We are not being political. The two sides between them must sort it out before more patients suffer."

Underground to hire safety staff

By Kevin Brown, Transport Correspondent

LONDON Underground is to recruit 300 temporary staff to meet safety standards set by the capital's fire and civil defence authority.

The extra staff are required because the Underground has been unable to comply with Transport Department safety regulations which came into force at the beginning of the year.

They are to be recruited on three-month contracts at a cost of around £1.3m a quarter. Some will be recently retired Underground staff who already know the system.

The regulations, which require the installation of sophisticated fire alarms and firebreaks, implement the recommendations of a public inquiry into the deaths of 31 people in a fire at King's Cross station in November 1987.

The authority has accepted that the regulations cannot be enforced throughout the Underground because it will take years to install the necessary equipment.

As a result, the Underground has been granted a six-week exemption from applying the regulations to the 115 of its 273 stations which are wholly or partly below ground.

However, the exemption has been granted on condition that the stations are inspected once an hour by staff who must record their visits and seek out potential hazards such as litter.

The authority has also vetoed Underground plans to allow staff to smoke in designated areas during rest breaks. A total smoking ban will now be enforced throughout the Underground, including two public houses on Underground property – the Lord Aberconway at Liverpool Street and the Moriarty at Baker Street.

London Underground said it would have been forced to close the system if the authority had refused to grant an exemption. The company plans to seek a further exemption from the authority while safety equipment is installed.

The temporary workers will patrol the Underground system in pairs, but will not carry out the normal duties of Underground staff.

Welsh miners demoted for drinking in pit

By Lisa Wood, Labour Staff

FOURTEEN Welsh miners have been demoted for drinking alcohol at a Christmas party two miles down a pit.

The ruling came at a disciplinary hearing yesterday after remains of the party were found during routine safety checks at Deep Navigation Colliery near Merthyr Tydfil, Mid Glamorgan, South Wales.

The checks revealed a laid-out festive table, with the remains of a chicken. Investigations by colliery managers subsequently found that sausage rolls and mince pies had been consumed and a flagon of cider drunk on the last shift before the holiday.

British Coal said the men had contravened the Mines and Quarry Act which forbids the consumption of alcohol underground.

All 14 men, including craftsmen and development workers, were demoted to the lowest grade in their categories.

● The result of a strike ballot held by dancers employed by the Royal Opera House will be known today. Dancers earlier this week, by a show of hands, rejected an offer of 15 per cent to which was attached several conditions including productivity gains.

Negotiations between the dancers and the Royal Opera House, which faces a substantial deficit this year, have been going on since last August. They broke off before Christmas when an overtime ban was temporarily imposed by Equity, the performers' union.

Cabinet Office firm on code of conduct

By John Gapper, Labour Editor

THE Cabinet Office said yesterday that it was not prepared to alter details of a new code of conduct for civil servants in spite of protests from the union representing senior civil servants that it imposes unfair restrictions.

The Cabinet Office said it intended to promulgate the code, which the First Division Association senior civil servants' union says wrongly identifies the interests of the country and the Government, without further revisions.

It said Sir Robin Butler, head of the Civil Service, was prepared to meet leaders civil service unions to discuss the new code. However, it was not prepared to alter it further.

The new rules of conduct – which say that duties of confidentiality and loyalty to the Crown are "for practical purposes owed to the Government of the day" – must be in place when the 1989 Official Secrets Act is implemented.

The Home Office said it expected the Act, which was given Royal Assent last May and replaces Section 2 of the 1911 Official Secrets Act, to be implemented by Mr Douglas Hurd, Home Secretary, within a month.

The objections of FDA leaders to the revised rules – which will take the place of a memorandum of guidance drawn up in 1987 by Lord Armstrong, the former Cabinet Secretary – are to be discussed next week by the Council of Civil Service Unions.

The new rules will form part of the Civil Service Pay and Conditions of Service code, which is the closest equivalent to employment conditions. Those disclosing information against its terms would be liable for disciplinary action.

The FDA is also worried about provisions that employees must not "make public statements or remarks in terms which their Departments could find objectionable," or take part in activities "that conflict with the Department's interests."

It says civil servants should have access to an ombudsman to complain in confidence about being asked to do things that they consider improper.

Study warns that docks conflict may increase

By Our Labour Editor

INDUSTRIAL conflict in the ports formerly registered under the National Dock Labour Scheme may escalate in spite of the abolition of the scheme if employers fail to match the number of dockers to fluctuations in business, a study has indicated.

The study of the causes of strikes and industrial action in the former registered ports finds that the de-casualisation of employment in the docks failed to reduce strikes.

Instead, the study over 30 years up to 1985 links the rate of strike activity in former registered ports to the amount of surplus labour, the growth of dockers' earnings and the degree of mechanisation in individual ports.

The study's authors argue that any return to a de-regulated system in the docks following the abolition of the Dock Labour Scheme would be unlikely to increase the amount of industrial conflict in itself.

Ports formerly registered under the scheme have been reforming the working practices since dockers failed to retain a national bargaining framework by going on strike last summer.

The study concludes that whether ports enter an era of industrial peace will depend on how employers manage their labour requirement.

Dockers, Devlin and Industrial Disputes; By David Sapsford and Peter Turnbull. Industrial Relations Journal Vol 21 No 1 (forthcoming); Basil Blackwell, 108 Cowley Road, Oxford OX4 1JF. By subscription.

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New Year euphoria

ALTHOUGH THE RALLY in world stock markets has run out of steam in the past couple of days, there is still a degree of euphoria in the air. At the start of a new year and a new decade, a display of animal spirits is perfectly natural. Whether it is related to any improvement in the fundamental outlook is another matter.

The turn of the year coincided with a number of relatively bullish forecasts for the UK economy in 1990: lower inflation, lower interest rates, a reduced trade deficit and – above all – no recession. Some months ago, the optimists were reduced to arguing that although 1990 might represent a chasm for the UK economy, the market could be trusted to look ahead to the sunny uplands of 1991. Now, say those same optimists, it is apparent that 1990 will be a mere valley after all.

This argument needs to be treated with care. First, it is quite true that if the market has correctly foreseen this year's trend in corporate earnings, equities have nothing to fear even from a recession. The White Queen in Through the Looking Glass, it may be recalled, screamed horribly because she was about to prick her finger, then reacted calmly to the event itself on the grounds that she had done her screaming already. Similarly, in the last true recession year of 1980 UK equities rose by 30 per cent.

It could thus be argued that equities have paid in advance for 1990 by going nowhere in the two-and-a-half years since mid-1987. But there is a snag to all this.

Excessive growth

The "sunny uplands" theory rests on the proposition that the UK corporate sector can scrape through with low or even zero earnings growth this year and then revert to fast growth in 1991. But the excessive growth of the UK economy in the late 1980s – excessive, that is, in terms of UK productive capacity – has led to a yawning balance of payments deficit and an inflation rate well above the OECD average.

Inevitably, this has to be paid for by a corresponding period of below-average growth. This could perhaps be achieved by stagnation over several years, or by a shorter and much sharper downturn. But the bullish case argues for a short period of mere stagnation, thus trying to have it both ways.

But even if little has changed in the domestic fundamentals, say the optimists, the wider outlook has been transformed by events in eastern Europe. Forget the single market of 1992; the death of communism means that the whole of Europe will become the world's powerhouse, with unified Germany as its engine.

The flaws in this are almost too many to summarise. One of them was brought home to the markets only yesterday by rumours of cancelled foreign meetings by President Gorbachev. The astounding events of late last year have drawn attention from the central and most truly risky issue in the East, the break-up of the Soviet empire.

Dangerous assumption

Even in the sovereign states of eastern Europe, there is danger in assuming that political freedom automatically means prosperity. In purely economic terms, the risk is that eastern Europe may have it the wrong way round. Any citizen of those countries naive enough to assume that democracy means a BMW in every garage will find it hard to adjust to the likely realities of inflation, debt and continued shortages. This is not to say that the revolutions in the East risk being reversed: merely that in a worst case the result could look more like Latin America than south-east Asia.

It would be wrong to deduce from this that events in the East are not momentous for the capitalist West. In the language of investors, they could at best have almost limitless upside, with no downside at all short of the cataclysmic. But tangible benefits for the UK economy – if any – would surely belong to the late 1990s at the earliest. The more immediate likelihood is of investment flows from West to East rather than business orders coming the other way.

None of this amounts to the proposition that equity markets are seriously overvalued. In the two-and-a-half years during which the UK market has marked time, the UK corporate sector has set all kinds of records in growth, productivity and return on capital. Corporate earnings have risen by over a third, and the market's valuation of these earnings has fallen accordingly.

This is the crux of the matter. These are complex times for the equity markets, with a phase of exceptional growth coming to an end and the world's political framework changing beyond recognition. It is at such times that fundamental changes in valuation take place, in directions which are by their nature unpredictable. If the UK equity market manages a rise this year, it will not be because earnings have risen but because the market has chosen to value them more highly.

FT writers report on currency uncertainties and the surge in share prices

A bad attack of the jitters

Some things don't change in the 1990s. Europe's foreign exchange markets have started the decade with a bad attack of the Thursday jitters.

This complaint – its symptoms are rising tension and occasional panic that persist at least until Friday evening – is triggered by fears of a weekend realignment of currencies in the European Monetary System.

Although common in the early 1980s, it seemed that Europe's monetary authorities had brought the jitters largely under control by the decade's end. The EMS, which was started in March 1979 to create a "zone of monetary stability" in Europe, is due to mark an unprecedented three years without a parity change at the end of next week.

By yesterday evening it was looking as if any popping of champagne corks could turn out to be premature. Serious tensions have surfaced since the breaching of the Berlin Wall. The surge in the D-Mark – since November 10, it has gained around 10.7 per cent against the dollar and yen and 7.4 per cent against sterling – has put strains on its relationship with the other EMS currencies.

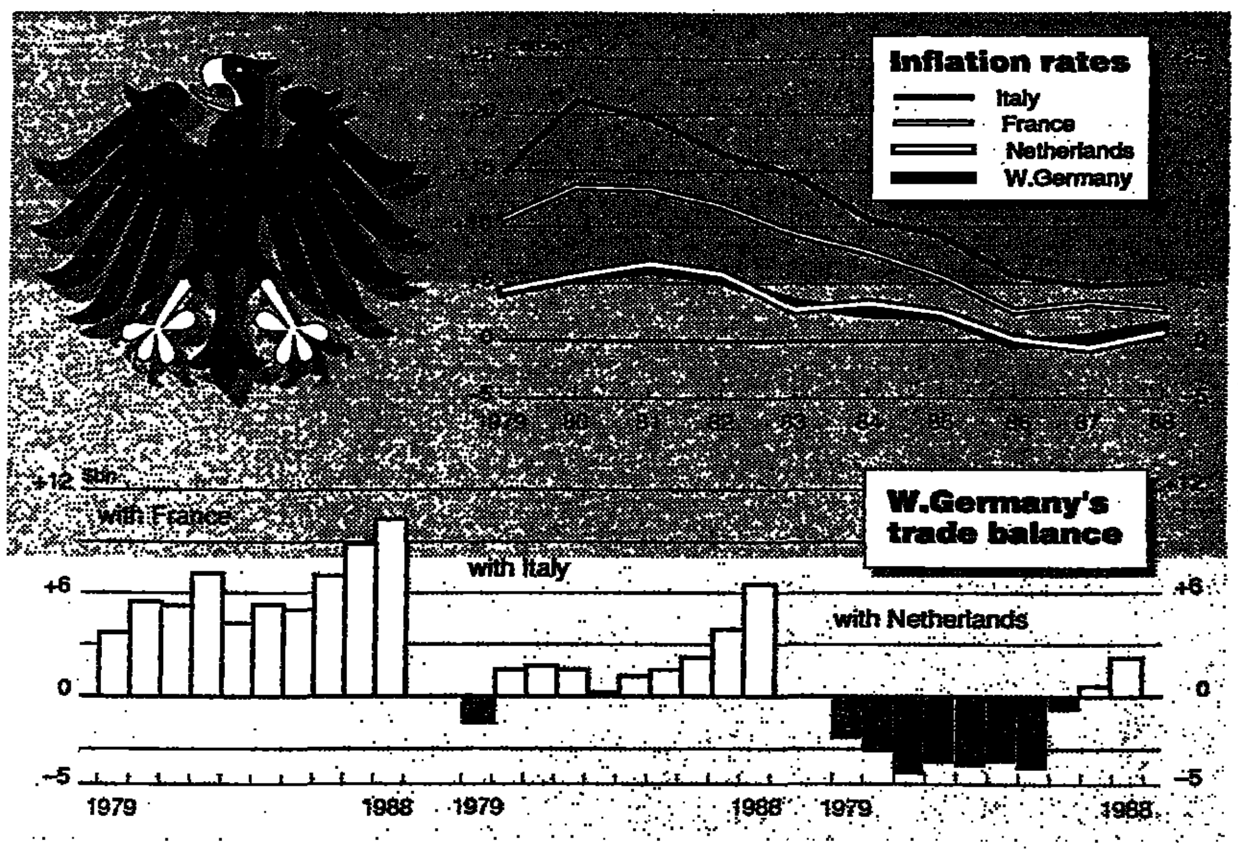
This is because the EMS, through its exchange rate mechanism, limits the margin of fluctuation among most of its members to 2.25 per cent either side of agreed central rates.

While the dollar, yen and sterling have fluctuated wildly, the French, Belgian and Luxembourg francs, the Dutch guilder, the Danish krone and the Irish punt have stayed closely anchored to the D-Mark for extended periods. The Italian lira and the Spanish peseta, which joined the ERM last June, are allowed a wider 6 per cent fluctuation margin.

Sterling has emerged as a beneficiary of the mounting speculation about a possible EMS realignment. After dropping nearly 12 per cent on a trade weighted basis in 1989, it has firmed as the D-mark's partner currencies in the EMS exchange rate mechanism have weakened.

The EMS has worked best when the D-Mark has been weak. The surge in the D-Mark's value, based on a perception that the German economy will obtain a supply-side boost from the recent inflow of east European immigrants and profit most from the liberalisation of eastern Europe, has pushed the other EMS currencies close to the lower margins at which their central banks have to give them support.

For much of last year, the Italian lira moved within the 2.25 per cent narrow band against the D-Mark. Yesterday the lira was at record lows against the German currency, at around 4.2 per cent below its central rate, despite well publicised sales of D-Marks by the Bank of Italy.



Since the opening of the east German border, narrow band currencies such as the the French franc, Belgian franc and Irish pound have also fallen sharply, joining the already weak Danish krone close to the bottom of their permitted ranges against the D-Mark.

Late in November, Mr Karl Otto Pöhl, the West German Bundesbank president, described the narrow band currencies as a "hard core" of the EMS. Of this former élite group, only the Dutch guilder is keeping up with the German currency.

The accompanying charts show why the other EMS currencies are finding it so difficult to keep up with the resurgent D-Mark. However, they also suggest that the pressure building up for a currency realignment is unlikely to be met by big changes in the EMS central rates. Currency stability in Europe has been bought partly at the cost of a steady rise in West Germany's trade surpluses with the other EMS members.

That Germany's trading partners accepted such a state of affairs testifies to the potent effect of full EMS membership in their battles against inflation. As the chart shows, other countries, by tying their currencies to the D-Mark, have achieved a convergence of inflation rates on West Germany's traditionally low level.

In this respect they have fared better than Britain, which has a higher inflation rate than the nations participating in the exchange rate mechanism and which has much of its £20bn annual current account deficit with the full EMS members. Britain's high inflation is one of the main factors keeping sterling out of the ERM.

But the battle against inflation on the Continent has not been finally won – indeed last year saw inflation rates rise in virtually all EC member states.

West Germany's partners are therefore extremely reluctant to consider any devaluation of their currencies against the D-Mark because that would result in an increase in their imported goods prices.

France in particular has rejected any notion of devaluing the franc against the D-Mark. Mr Pierre Bérégovoy, the French finance minister, has made such a shibboleth of the "franc fort" that any devaluation would probably lead to his resignation.

With France's inflation rate now around the West German level, French officials argue that France's large trade deficit with West Germany reflects structural factors rather than a lack of competitiveness.

Mr Bérégovoy's campaign against a franc devaluation has produced results. When France lifted the last of its exchange controls at the beginning of the year, there was no extra downward pressure on the franc. The West German government in Bonn now backs the French line. The Bundesbank in Frankfurt, which was campaigning strongly for a realignment late last year, now appears to accept that the franc would move upwards with the D-Mark if the German currency were to be revalued.

France's diplomatic success has reduced the chances of any significant movement in the parities of the other narrow band currencies.

But there is no doubt that the Bundesbank still wants a revaluation of the D-Mark. Its decision on Thursday to sell dollars was evidence of its belief in a strong currency.

Ever since the early 1970s, it has felt that fixed exchange rates restrict its capacity to combat inflation. With Europe debating moves to economic and monetary union, it is anxious to dispel the idea that the EMS currency values are already set in stone.

One result of Mr Bérégovoy's campaign has been to shift the Bundesbank's attention to the lira. And here a modest realignment appears increasingly likely.

The Italian authorities are in a weaker position than the French. Italy's inflation rate is appreciably higher than West Germany's. The country runs a huge budget deficit amounting to more than 10 per cent of gross national product. Until now this has been financed by thrifty Italian savers, whose scope for investment abroad has been restricted by exchange controls.

But Italy is due to eliminate its final exchange controls by July under the 1992 programme to create a barrier-free internal market in the European Community. It has also committed itself to adopting the 2.25 per cent narrow band.

Italian monetary officials hint that a move to the narrow band could involve an EMS realignment. The lira would be devalued modestly so that its new range of fluctuation would be at the bottom end of the existing 6 per cent band. A more radical approach is not required, they say, because the lira has merely returned to the levels it occupied at the beginning of 1989.

Whether such a restructuring would be be sufficient to assuage the Thursday jitters remains to be seen.

Italy's large budget deficit makes the planned removal of Italian exchange controls more of a challenge to the EMS than France's abolition of controls. It is also unclear how far the D-Mark will continue its advance.

But anything more than a mini-realignment would be a sign of a crisis that would seriously damage continental Europe's record as an oasis of monetary stability.

It could also take some of the steam out of the movement for Britain to join the EMS exchange rate mechanism.

Peter Norman

Changing moods for London shares

THIS WEEK'S rally on the London stock market was a perfect example of what theory says stock markets ought to do: look ahead. The market is always reacting to changes in the temperature and mood of the economy – now shivering, now warm, now overheated – and it displayed all its moods this week.

On Wednesday the FT-SE 100 Share Index reached an all-time high of 2,463.7. But as with all rallies, investors decided to take profits on Thursday and, on Friday the index declined a little further after weakness in the Tokyo and West German markets.

Analysts and investors think the basis of the market's strength remains intact. They note a distinct shift in expectations away from recession accompanied by stubborn inflation towards sustained growth in an environment of declining interest rates. According to these people, the market is looking past the short-term difficulties in Britain, and the expected poor earnings figures due in a month or two, to a period when sustainable growth resumes.

This optimistic view was underlined earlier this week by a Financial Times compilation of 22 economic forecasts. Growth of about 1.5 per cent this year was forecast to pick up to 2.5 per cent in 1991.

"There has been a growing realisation that 15 per cent base rates are probably the peak," says Mr Michael Hughes, economist and strategist at Barclays de Zoete Wedd.

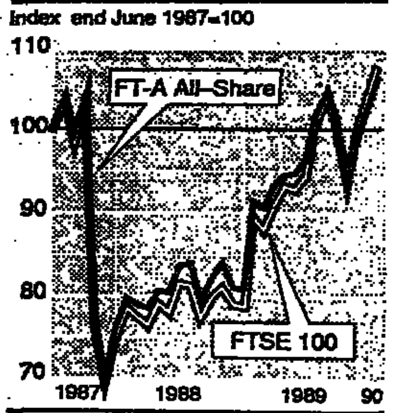
Another factor is the large amount of cash in the hands of investment institutions. Official figures published yesterday show that in the third quarter of last year, pension funds and insurance companies were, for the first time since 1974, net sellers of UK equities.

Mr Mark Brown, economist at UBS Phillips & Drew, says this was forced on the institutions by some very large cash bids, notably Hanson's bid for Consolidated Gold Fields. "As a result," he says, "cash rose by a staggering £2.5bn – only exceeded by the fourth quarter of 1987 after the stock market crash."

He estimates that institutional investors had about £26bn in cash and near-cash assets at the end of 1989. This year City analysts expect flows into the institutions of the order of £20bn to £25bn.

Mr Michael Payne, an investment strategist at Legal and General notes that equity markets respond to themes. Last year it was 1992 "but that is dated"; now it is eastern Europe, "with its potential for growth and, it is hoped, real non-inflationary growth." The Japanese identified this theme, and analysts attribute the 10 per cent rise in West German equity prices since Christmas as mainly due to their buying. But it is a fragile theme.

As Mr Hughes, of BZW, says: "The whole European scene, up until [Thursday] night was quite positive." Then it was reported that ethnic troubles in the Soviet Union had forced Mr Gorbachev to cancel meetings with foreign leaders, and stock prices were depressed in Japan, West Germany and, to a lesser extent, the UK. The FT-SE Index closed 7.1 down at 2,444.5.



Simon Holberton

MAN IN THE NEWS

Kenneth Clarke

Besieged in the ambulance battle of words

By Philip Stephens

Mr Kenneth Clarke, the Health Secretary, had planned to take a few days off this week. He reckoned without the ingenuity of the health service unions fighting for higher pay for ambulance workers.

A chance phrase by Mr Clarke in a letter to his local newspaper was exploited by Mr Roger Poole, the five unions' chief negotiator, to re-ignite public controversy over the Government's handling of the dispute.

So Mr Clarke found himself forsaking his favourite hobby – birdwatching – for a blitz of media interviews designed to limit the mounting political damage inflicted by the 16-week dispute.

By yesterday, with ambulance crews pledged to step up their action, the letter, printed in the Nottingham Evening Post, had been largely forgotten. But the controversial phrase – characterising most ambulance workers as "professional drivers" – had provided the unions with yet another victory in their protracted, and so far successful, battle for public support.

It had also left Mr Clarke – chosen 18 months ago by Mrs Margaret Thatcher as someone whose communication skills could persuade the electorate she wanted to improve rather than dismantle the health service – looking distinctly beleaguered.

Amid mutterings of discontent among Conservative MPs and private sniping from some of his ministerial colleagues, the Labour Party felt confident enough to challenge Mr Clarke in a full-scale Commons debate on the issue next week.

The Health Secretary, in his 18 months in the job, has been locked almost continually in battles with health service workers – the nurses and doctors before the ambulance workers. But he shows no signs of giving in.

Sitting in his Whitehall office yesterday – a characteristically incongruous guardian of the nation's health as he smoked his first cigar of the morning – he insisted that he would not back down.

The Government, he conceded, appeared to have been losing the propaganda war because: "I have taken on such popular groups of people . . . lobbies who find it easy to make a substantial emotional appeal."

Such acrimonious battles with interest groups were an inevitable fact for any Health Secretary who was committed to change. But the fact that ambulance workers attracted "populist support" did not make them right.

It might be, he added, that some of his colleagues thought the job should be little else else but "kissing babies, getting money from the Treasury and being photographed in caring situations." That was not the job he had taken on.

The ambulance dispute was not simply an argument over a particular percentage pay rise. It was about the shape and character of the health service and about ensuring that the extra resources he had won from the Treasury went into better patient care as well as wages.

"I think you should judge everything I do in terms of this business of reforming the NHS – actually changing it, making it better . . . My remit was change. That involves challenging a lot of extremely powerful lobbies."

He left the impression that if, say, an extra percentage point on the management's pay offer would solve the dispute he would grit his teeth and offer it.

But the unions' demand for a long-term pay formula – linking their wages to groups like firefighters – would set a benchmark for the claims of 500,000 other health service employees. The NHS would then be left "desperately short of money and unable to keep beds open."

Mr Clarke, whose wider reforms are designed to break down what he sees as the service's inefficient and monolithic structure, is similarly determined that rewards for ambulance crews should be related more directly to their medical skills. "The big issue is the formula and the distinction between the paramedics and the rest," he insists.

His is not a lone stand within the cabinet. He has the backing of the Prime Minister and the full support of Mr John Major, the Chancellor.

He can claim that he warned his colleagues last summer that if they conceded a higher pay deal to striking rail workers, conflict within the health service was inevitable.

Even to supporters, however, his handling of the dispute has often looked unnecessarily belligerent, rooted in his peculiarly passionate dislike of trades unions.

While Mr Poole has won popular support by cultivating a moderate, reasonable image, Mr Clarke has sometimes seemed to be fighting Mr Arthur Scargill's miners rather than ambulance crews.

He does not readily accept criticism of his style: "When I am silent nowadays I am regarded as aggressive," he says. But he concedes that Mr Poole has been a skilful opponent and there is a certain personal respect.

"I actually like him . . . he is one of the more able, more attractive, trades union leaders that I have come across," he says. After Mr Poole's coup this week in exploiting the Nottingham letter: "I dropped him a note congratulating him on the ingenuity of the whole thing."

Such notes, however, will not solve the dispute, which he concedes is "hopelessly stuck"; nor will they repair the damage to Mr Clarke's political reputation.

Two years ago he was regularly included on the list of the leading contenders to succeed Mrs Thatcher when the time comes. Now he is rarely mentioned in the same breath as Mr Major, Mr Michael Heseltine, Mr Kenneth Baker or Mr Chris Patten.

The change of fortune has not taken the edge off his natural ebullience and self-confidence. If, as he firmly expects, Mrs Thatcher stays until beyond the next general election, then he still plans to throw his hat into the ring.

He never believed, he says, that shaking up the health service was going win him instant popularity.

"I remain an extremely committed fan of the National Health Service, one of its more enthusiastic supporters in the Conservative Party . . . but I do believe that it has got to be very much better in the way it is run."

If he succeeds, he says, those colleagues now grumbling in the Commons tea rooms will regard it as "a bloody miracle."

John Griffiths on new hopes for the electric car

Batteries for the green bandwagon

General Motors, the world's largest vehicle maker, has announced its intention to start producing 100,000 battery-powered – environmentally "clean" – passenger cars a year in four years' time. Ford, the second largest, has announced its own technology which will make feasible mass-produced electric vehicles (EVs) "within five to 10 years."

Gulf and Western, the technology-oriented US conglomerate, has developed an electric power package utilising a zinc and chlorine electrolytic "couple" which is almost too sophisticated to be called a battery. It gives a light car the ability to keep up with normal traffic, and allows it to do so for 200 miles. It thus overcomes one of the fundamental shortcomings of the electric vehicle: a range typically less than one quarter that of a petrol-powered equivalent, extendable only by swapping batteries or recharging.

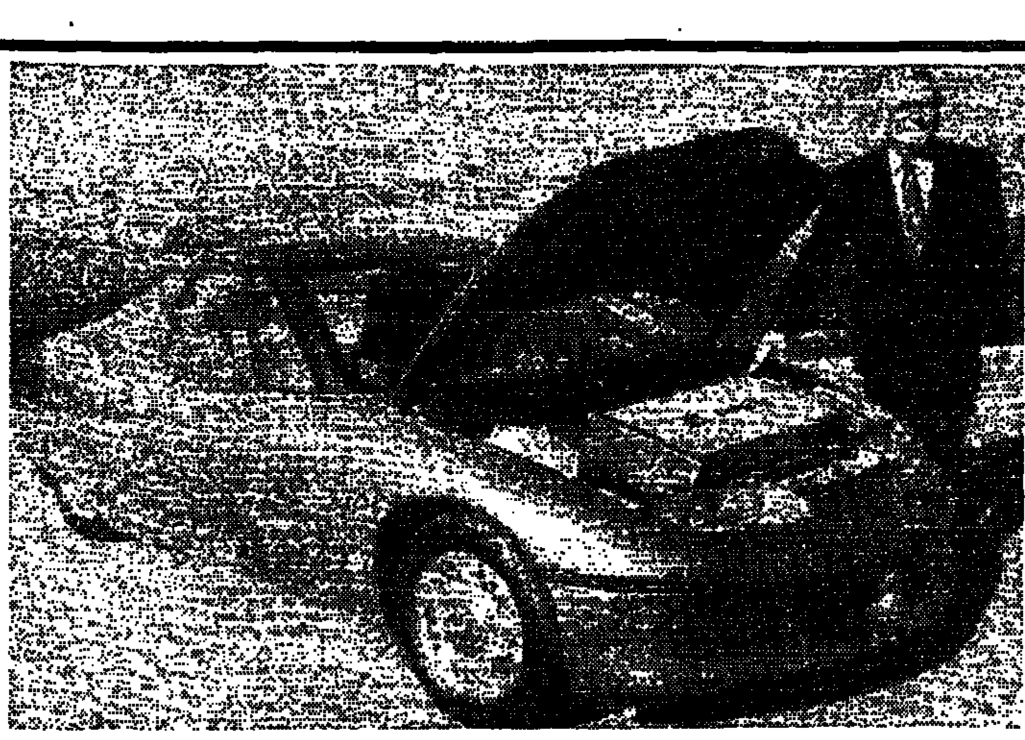
It all seems to be exciting news, especially against the background of the Californian "Electric Vehicle Initiative" which, authorities in the smog-plagued Los Angeles region hope, will see 10,000 electric cars and vans on its roads by 1995. The initiative is seen as a first big step towards meeting progressively more severe environmental legislation for southern California. Indeed, the standards envisaged by the state's South Coast Air Quality Management District are so tough that by the year 2010 more than 6m of the region's cars and vans – 70 per cent of the total – will have to be electrically powered if there is to be any hope of meeting them. There are, however, problems.

The GM announcement was made in 1980; Gulf and Western's was made the same year, and Ford's in 1986. These are just three among many examples of manufacturers claiming viable EVs just around a corner which is still unwinding after nearly a century. It is thus understandable that GM's unveiling, earlier this week, of a new electric car, the Impact, has generated mainly a "let's wait-and-see" response.

The Impact certainly sounds impressive: a top speed of over 100 mph and standstill to 60 mph in eight seconds. Unlike many electric cars, it is not a modified production petrol or diesel-powered car, but has been designed from the start to minimise some of the main shortcomings of electric vehicles, while still using current battery technology. Advances in electronics and electric motor design, weight-saving structural materials and aerodynamics lie behind the vehicle's exceptional performance. It is claimed also to have a range of 124 miles.

GM's soon-to-retire chairman, Mr Roger Smith, led the press conference announcing the Impact. Yet, perhaps mindful of GM's previous bout of over-enthusiasm, Mr Smith announced only a production feasibility study, and acknowledged that there would have to be further advances in battery technology and sharp increases in petrol prices for the Impact to stand unsubsidised.

But in one important respect at least, Mr Smith was perhaps too pessimistic in suggesting that "we'd simply be back to square one" if the electricity to power EVs was provided only by more fossil-fuel burning power stations. Research undertaken as part of the Los Angeles initiative indicates that, overall, an EV is still 97 per cent less polluting than a petrol car, even when power station emissions linked to vehicle battery recharging are taken into account. The fact that electric cars emit none of the oxides of nitrogen, combine monoxide and hydrocarbons – the last the source of Los Angeles' photochemical smog problems – that even catalyst-equipped conventional cars cannot wholly clean up is important enough in itself.



GM's chairman, Mr Roger Smith, introduces the Impact

But the new element in the equation is the heightened awareness of the role played by carbon dioxide in the global warming process and the fact that none is produced directly by an electric car. Carbon dioxide is an ineradicable part of the petrol combustion process. More than two kilogrammes of carbon dioxide are released into the atmosphere for every gallon of petrol burnt.

Until now, the high cost of both production and ownership, in the absence of manufacturing economies of scale, has proved to be the main stumbling block to wider acceptance of EVs, rather than range or performance. For there are plenty of applications, such as urban delivery vehicles, where batteries can routinely be recharged overnight, and in-town runabouts where the EV could work. The UK has been the principal country to demonstrate this: it has more than 35,000 electric vehicles on the road, even if many are only milk floats.

New charging technology has cut recharging time to a third of the once-typical nine to 10 hours. Some EV proponents have suggested that even the problem of driving between cities could be overcome by setting up EV stations at which drivers could call in for a battery pack swap.

Peugeot, the French vehicles group, which has just decided to launch commercial sales of an electric version of its 205 hatchback later this year, is also working on a hybrid. Jumping on the "green" bandwagon, its "Vert" project (véhicule routier à turbine) combines battery packs with a small, simple turbine.

Peugeot, like the UK's Chloride EV Systems and other European and north American manufacturers involved in supplying three different types of vehicle for the Los Angeles initiative, believes that what happens in southern California could provide the long-awaited turning point for the EV industry – provided the commitment to the programme is sustained. Mr Tom Bradley, Los Angeles's mayor, insists that it will be.

Now Panama must pick up the pieces

Tim Coone reports from Panama City on reconstruction efforts after Noriega

Operation "Just Cause" is over. Having sent in 26,000 troops invasion troops, the US has got its man. Gen Manuel Antonio Noriega is behind bars in Miami.

The Canal is safe – if indeed it was ever under threat – and a friendly government is in place which demonstrably enjoys the support of the Panamanian people. In meeting its stated objectives, the operation was largely a success.

But it will not be forgotten that this was a US military intervention in Latin America. To many in this region, the invasion of Panama looks like a violent, anachronistic jolt to an evolutionary process of fading superpower hegemony. It is seen as a challenge to an emerging norm of peaceful solutions and respect for the principle of non-intervention in other states' affairs.

The invasion was carried out without any prior consultation with Panama's new leaders, whose legitimacy is based on their victory in the elections last May which Gen Noriega annulled. The summary extradition of the General to the US this week was also done without their authorisation.

President Guillermo Endara did not make even a mild protest. Eclipsed by his two vice-presidents and dependent on US aid to revitalise Panama's battered economy, he is little more than a figurehead. He was a compromise choice between the opposition alliance's three parties.

The strongest figures in the new government are the two vice-presidents: Mr Guillermo Ford, who as Planning Minister is now the most powerful Panamanian in Panama; and Mr Ricardo Arias Calderón, the coalition's political leader, in charge of creating a police force to replace the Panama Defence Forces, which the US invasion force crushed and is now purging.

Mr Ford controls all economic decision-making and the allocation of state resources and foreign aid. He is seen as the closest US ally within the new government. He also controls the Banking Commission which regulates Panama's offshore banking centre. But despite his pro-American sympathies he is believed to have told the visiting US Panama Economic Recovery Mission on Thursday that Panama will not surrender its banking secrecy laws.

According to Mr Edgardo Lasso, the president of Panama's private sector Banking Association, the US wishes to be able to impose regulations in Panama similar to those that exist in Miami's offshore banking centre. "It is not the first time. Perhaps with the new situation they feel they can raise the issue again but with more success now," says Mr Lasso.

Mr Lasso insists that "we do not want to protect criminals. In the case of a criminal investigation, we already have adequate controls that can allow access to banking information." There are many legitimate reasons for people wanting banking secrecy, he said "and they will be frightened away from Panama if they feel that the US authorities will have open access to bank information here."

Of the new triumvirate, Mr Arias, who heads the Christian Democrat party, is perhaps the most independent of the US, and has good connections with European Community and Latin America leaders through the international links of the Christian Democrats.

The US's main influence is likely to be exerted through the lever of economic aid for Panama's recovery – routed through Mr Ford's ministry. It would be naive to think that strings will not be attached, and diplomats say that Mr Arias has already expressed concern about this.

Panama is said to have asked for a package of $1bn in aid from the US. According to a senior Panamanian banker, the depressed construction sector is earmarked as an important recipient, being able quickly to absorb unemployed labour and because it has multiplying effects. New infrastructure projects – on hold during Noriega's rule – will also be viewed differently now. Needed improvements to the canal could now be undertaken. Projects such as Centreport – a $400m plan to build a cargo rail link across the isthmus – and the big Cerro Grande copper project, are likely to be dusted off. The Colon Free Trade Zone, only slightly damaged by the invasion, can continue its steady expansion.

Rationalisation of the 150,000-strong public sector is anticipated to cut government spending and to channel more resources towards the private sector. But the share-out of this bonanza is likely to present an early test to the political skills of a highly inexperienced government.

The share-out of the expected US aid bonanza is likely to present an early test for the political skills of a highly inexperienced government

At its peak, Panama was one of the most important offshore financial centres in the world, with deposits of over $40bn booked here. The recovery of the banking sector is seen as the keystone to the overall recuperation of Panama's service-dominated economy.

For much of Panama's history, its black majority was excluded from economic and political power. For the past 21 years, however, under military rule, it has at last had its hands on the levers of state. If it is now perceived that the main beneficiaries of Noriega's overthrow are the predominantly white merchant class and wealthy exiles flooding back from Miami, the government's present cushion of support could quickly wear thin. As one Western diplomat remarked, "much of the government's support is anti-Noriega rather than pro-them."

The uncertainties in this situation mean that the US may have to maintain its reinforced troop presence in Panama for some time. Latin American leaders are concerned about whether the invasion and seizure of Gen Noriega, followed by pressure on the new government to reduce Panama's banking secrecy, is an example of the lengths to which the US is prepared to push its anti-drugs war. They have long viewed the Panama crisis as a possible foretaste of what could happen elsewhere in the continent where there is friction with the US over drugs.

Diplomats from the region say that East-West rapprochement will free US forces from Europe and that this could lead to reinforcement of Southcom, the US forward headquarters in Panama, where rapid deployment forces are already based.

A lot of diplomatic feathers have been ruffled by the invasion and by incidents that occurred during and after it. Even western European diplomats have been shocked by the inexperience of US troops and their apparent disregard for civilian lives and property in the fighting and the looting that followed.

The official US troop casualty figures are relatively low: 23 dead, 338 wounded. But Panamanian civilian casualties were perhaps as high as 1,000 dead and several thousand wounded. Definitive figures are still awaited.

Panama's new leaders had quietly encouraged the invasion as an easy way to rid themselves of the General, without worrying too much about the damage that might be caused to the country's sovereignty. The US and the new government must now cope with the costs of the military solution, as they begin to pick up the pieces.

LETTERS

Road pricing requires sensible implementation

From Mr A. Edward Gottesman.

Your editorial (December 18, 1989) calling for road pricing to "achieve a permanent improvement in traffic flow" in London is admirable but for your descent into the vague political jargon which has dogged this and many other bureaucratic problems in the past.

The problem is that there are too many cars on the roads and 20 per cent or more of paved road space is used for parking, much of it illegal.

The Government's policy for more than 20 years has been to restrict publicly available off-street parking in London, in the belief people would be discouraged from using their cars in the metropolis. A bird's-eye view of the central London area demonstrates the folly of this vain hope.

To make the concept of road pricing both practical and understandable would require only two simple steps:

- The introduction of a special license, a "green number plate" costing, say, £400 a year which could be purchased by anyone in the UK, but which would be the sole license to use a motor vehicle in the London postal districts.
- The retention of the proceeds from the annual fee for the "green number plate" as a dedicated fund to finance the construction (but not the operation) of public off-street parking facilities to be built in central London as on-street parking is banned completely.

The direct economic loss which the UK suffers as a result of traffic congestion in and around London threatens to penalise the modernisation of industry and commerce in this country well into the 21st century. In order to succeed, any road pricing proposal must be simple and workable. The plan set out above could be put into practice with the printing of a few simple forms. Final responsibility would rest with the motorists who have elected to live – and drive – in the London metropolitan area.

A. Edward Gottesman,
Gottesman Jones & Partners,
Aldwych House,
Aldwych, WC2

From Mr R.G. Aggleton.

Sir, Red routes deserve a trial. Ill-considered parking nullifies the primary function of facilitating movement along millions of pounds worth of roads. Only traffic with a specific destination and a legal parking space should be encouraged.

A more egalitarian alternative to road pricing would be to restrict all vehicles over, say, 11 feet long or carrying fewer than 10 people to off-peak use.

R.G. Aggleton,
54 Foxearth Road,
Selsdon, Surrey

From Mr D.B. Palmer.

Sir, You say that the Department of Transport has always adopted an "engineer's approach" to traffic and imply that it interprets problems narrowly before applying preconceived remedies.

An engineer by training is more likely to adopt a holistic approach and seek the cause of the problem; that is, to consider not how a driver best may make a journey, but to ask why it is necessary to travel that route at that time.

A solution is then apparent. The environment should be reconstructed to minimise the distance travelled between home and work. Communications should be improved to reduce the need for face-to-face talk in business.

Improvements in road use should proceed from the reasonable premise that people do not *like* to be stuck in traffic, nor do they park at the roadside expressly to obstruct others. Applying hideously inconvenient and expensive penalties will not make the situation any better.

D.B. Palmer,
57 Nightingale Road,
Carshalton, Surrey

Football revolution

From Mr Peter Rawlinson.

Sir, Observer (January 3) refers to former great football clubs now languishing in the lower divisions of the league but which attract many supporters to their games.

Bristol City attracted 12,000 supporters for a New Year's Day fixture in the the third division – very impressive. But the most extraordinary demonstration of supporter loyalty occurs every week at fourth division Burnley. On Boxing Day, over 12,000 supporters turned out to watch Burnley at Turf Moor. The next match against Halifax on December 30 attracted almost 10,000. These crowds are generated from a population of 75,000. The clubs mentioned by Observer can call on a much wider population base (Bristol 470,000; Birmingham 1m).

Burnley's average crowd last season was over 7,000, more than twice that of most others in the division. This season, the average is 7,000 with the nearest rivals struggling to make 4,000.

Look at Lancashire and you will see a real football revolution, and it's hardly started yet. Wait until Burnley complete their climb to the top of the table.

Peter Rawlinson,
First floor flat,
The Little Barn,
Pains Hill,
Limpsfield,
Oxted, Surrey

Japan's basic balance

From Ken Livingstone, MP.

Sir, The deficit in the Japanese basic balance did indeed fall in 1989, and not rise as I said it did in my letter of January 3. Jeremy Hale (Letters, January 5) is right to point out the error, which was passed on from incorrect figures supplied to me by a research assistant.

This does not, however, invalidate my central point, which is that – with the deficit on the Japanese basic balance at 0.5 per cent of GNP, and the deficit on the British basic balance at 10 per cent of GNP – much greater upward pressure is placed on UK interest rates to attract funds to cover the deficit than is placed on Japanese interest rates.

Ken Livingstone
House of Commons,
Westminster

Prognostication

From Mr Chris Lee.

Sir, Isaac Newton, chided by Sir Edmund Halley for believing in astrology, replied: "Sir, I have studied it, you have not." If all other methods of charting trends were successful, Ivan Strahan (Letters, December 30) might be justified in dismissing the application of astrology to stock market movement. As it is, all methods must surely interest readers.

Chris Lee
130 Christine Avenue,
Rushwick, Worcester

Goodwill write-offs harm ability to pay dividends

From Mr Christopher Glover.

Sir, Like the finance directors mentioned in your article on December 14, I am alarmed at the Accounting Standards Committee's proposal that goodwill should be written off against profits. What a company can pay by way of dividend is determined by its reported profits. If these are depressed by goodwill write-offs over a number of years, the ability to pay dividends is likewise restricted. Company directors are rightly concerned at the distortions this would create in capital markets.

Lord Macnaghten's definition of goodwill is perhaps the most helpful. He said it was "the benefit of the good name, reputation and connection of a business. It is the attractive force which brings in custom." I would say that goodwill is that intangible quality which distinguishes a firm from the collection of unrelated economic agents it would otherwise be.

As such, goodwill is not a function of profits, super profits or assets. It is the lifeblood of a business. It cannot be separately valued although its value is subsumed in the value of the entire company. It is futile and absurd to try to depreciate it.

What is termed "purchased goodwill" is an acquisition premium. This premium (or discount) is an accident of the mix of capital and labour in the purchased business, accounting conventions and capital market investment rates. As a balance sheet item it should not reduce a purchaser's reported profits.

If a bidder pays too much for an acquisition it is reflected in the bidder's earnings per share – through increased financing costs or by equity dilution. Value passes from one group of shareholders to another. Total corporate profits should be unchanged.

Christopher Glover,
2 New Road,
Cookham, Berks.

'Vanishing' shareholders' funds

From Mr John Calman Shaw.

Sir, Graham Stacy and David Tweedie (FT, December 7) argue that purchased goodwill should remain in balance sheets without amortisation until its value is permanently impaired. But their argument seems to lead to the contrary view that purchased goodwill should be eliminated from the balance sheet on acquisition by immediate write-off against reserves.

The Stacy/Tweedie argument fails to reconcile the accounting anomaly of giving balance sheet recognition to goodwill acquired in a "lump" by purchase of a going concern business, but excluding from balance sheet values goodwill created piecemeal by expenditure over a prolonged period and which is written off against profits as revenue expenditure.

Both types of expenditure – lump sum purchase and prolonged write off – create an intangible asset which is expected to be reflected in future profit performance. They represent classic instances of long-term investment: short-term expenditure to secure long-term benefit.

Stacy and Tweedie object that immediate write-off of purchased goodwill against reserve make the accounts look as if part of the shareholders' funds have vanished. But that is precisely what has happened. Resources previously under the control of the shareholders of the acquiring company are transferred to the former owners of the business being acquired. To the extent to which the acquiring company does not recognise accounting values, its funds do "vanish" – just as in the case of "internally-generated" goodwill. Because it is not recognised as an asset, the prolonged write-off of the corresponding expenditure makes the accounts look as if shareholders' funds have vanished.

John Calman Shaw,
Scottish Financial Enterprise,
91 George Street,
Edinburgh

UK COMPANY NEWS

Target valued at £161m or 479p a share but no cash alternative

Higgs rejects new Lovell offer

By Ray Bashford

HIGGS AND HILL yesterday rejected a revised takeover offer from YJ Lovell which values its competitor in the construction and house building industry at £161m.

Lovell has again offered cash and shares altering the terms of its bid made on November 20, which placed a £138m price tag on Higgs.

Some City analysts had been expecting Lovell to include a cash alternative to attract support from investors who remain doubtful about the prospects for the construction and housing sector.

Lovell is now offering for every 100 Higgs and Hill shares either £126.24 in cash, 42 new ordinary shares and 250 convertible preference shares or £211.08 in cash and 250 new convertible preference shares.

Lovell shares closed 14p higher at 244p while Higgs and Hill shares eased 1p to 458p, compared with the 479p which the offer places on the shares.

Higgs claimed that the rise in Lovell's share price reflected the market belief that the revised bid was insufficient to win the bid. It therefore removed the possibility of the dilution in earnings which would occur if it were successful.

However the bidder said that there would be no dilution in earnings in the first 12 months if the bid was successful. Lovell is believed to be considering a major rationalisation of the groups' operations which would reduce annual overheads by between £7m and £8m.

Lovell, which holds about 13 per cent of the capital principally through acceptances to the first offer, is believed to have bought no shares yesterday through the market.

Mr Andrew Wassel, the chief executive of Lovell, described the revised offer as substantially increased and repeated his belief in the industrial logic of merging of the companies.

"Our offer of 470p is generous. We are offering Higgs and Hill shareholders the opportunity to become holders of Lovell's high quality shares. The growth potential of our shares must now be clear to everyone," he said.

Sir Brian Hill, the chairman of Higgs and Hill, urged shareholders to reject the offer, saying that it failed to reflect the worth of the company.

He also demanded further information about Lovell, in particular the prospects for its speculative housing business and the level of outstanding borrowings, both on and off the balance sheet.

In the takeover statement, Lovell said that its gearing stood at 70 per cent and that off balance sheet debt with recourse to the company lifted this figure to 81 per cent which was "comfortably covered by balance sheet assets".

In its most recent defence document, Higgs and Hills said it would boost its final dividend by 67 per cent and that annual pre-tax profits would rise by 6 per cent to £26.5m.

See Lex

Paul Murphy

Andrew Wassell, (left) chief executive of Lovell, and Antony Hichens, deputy chairman.

Norfolk Capital board backs director

By Andrew Hill

DIRECTORS OF Norfolk Capital Group, the hotel company, have unanimously confirmed their rejection of a planned management coup by Balmoral International, a private Edinburgh company, and supported fellow director Mr Tony Good.

Mr Good had general discussions with Balmoral's managing director, Mr Peter Tyrie, in November. The private company went on to unveil a plan to oust Norfolk's managing director Mr Peter Eyles and instal a triumvirate of Balmoral executives in his place.

Balmoral is planning to send a package of documents to Norfolk shareholders this weekend and the hotel group yesterday advised investors to take no action. Norfolk said that Mr Tyrie and his colleagues did not have the necessary experience to carry out their proposals.

Having discussed Mr Good's conduct at a board meeting yesterday, Norfolk said that the directors had accepted his account of the meeting with Mr Tyrie. The issue of Mr Good's resignation or removal from the board therefore did not arise.

Mr Good was apparently told none of the details of the Balmoral plan and asked Mr Tyrie to refer any takeover proposals to the other directors.

Norfolk also confirmed that it would continue to be advised by Morgan Grenfell, the merchant bank.

Balmoral is asking Norfolk shareholders to vote on its proposals at a special meeting on January 29. Norfolk said yesterday that it would send out a circular to shareholders next week giving its reasons for rejecting Mr Tyrie's plan.

Seacon accused by predators of confusing shareholders

By Andrew Hill

TIPHOOK, the UK container rental company, and Stena, the private Swedish ferry operator, have accused Sea Containers of confusing its shareholders and coercing them into accepting a defensive alternative to the hostile Tiphook/Stena bid for the company.

Sea Containers, which owns Sealink British Ferries, set a date for a special general meeting of shareholders on Wednesday, but the February 24 meeting will only vote on the target company's defensive recapitalisation plan.

Shareholders will be unable to consider the Anglo-Swedish proposal to elect a slate of directors favourable to the $1.12bn hostile bid, which was launched in the US in May.

A letter from the predators sent to Sea Containers yesterday described the decision to hold a single meeting as "a further and deliberate device designed to confuse your shareholders and coerce them into approving your purported recapitalisation".

Tiphook and Stena are also critical of Sea Containers' failure to hold an annual general meeting last year, and believe it should be scheduled for the same date as the special general meeting. The Bermuda-registered company's shareholders have yet to approve Sea Containers' report and accounts for the year to December 31, 1988.

The predators are asking the Sea Containers board to respond to their objections by 2pm on Monday.

Mr Eric Goodwin, Tiphook's deputy chairman, said yesterday: "If they do not reply by Monday we will be presenting the situation to the Bermuda courts."

Most of the last eight months of the bid have been taken up by legal battles in Bermuda and the US. At the moment, Stena and Tiphook are offering $70 for each Sea Containers share; Sea Containers in turn is planning to launch a $70-a-share defensive tender offer for about half its own equity, funded by a $1.1bn programme of asset disposals.

MY to sell consumer goods arm

By John Thornhill

MY HOLDINGS is to dispose of its consumer goods division in order to concentrate on its packaging interests and reduce group borrowings by about £6.5m.

It has also been asked by the Stock Exchange to increase the proportion of its shares in public hands. This follows a takeover in 1988 by Tawneydown, a subsidiary of Malbak, the South African industrial giant, which left it with 85.7 per cent of MY's shares.

The Stock Exchange is now insisting that in order to retain its listing at least 25 per cent of MY's capital should be public. MY has said it will investigate various ways of complying with the request and will keep shareholders informed.

The consumer division, which consists of Dawes Cycles and MY Sports & Games, is to be sold to Mr Robert Campbell, a former chief executive of MY, and a management team from the two companies.

MY will make a net contribution of £2.48m to the two companies to give each a positive balance on shareholders' funds. Mr Charles Bruce, MY's finance director explained that the benefit to his company would be that the management team would "pick up and take away all the company's borrowings, currently amounting to £6.5m."

In August 1989, MY had borrowings of £12.9m against shareholders funds of £22.2m. After the deal, borrowings will be reduced to £7.1m against funds of £19.1m.

Diploma spends $24.2m on US expansion into data cabling

By Andrew Bolger

Diploma, the electronic components and building supplies group, has paid $24.2m (£15.1m) in cash for 94 per cent of Wakefield Electronics.

Wakefield is a private group of US companies which distributes data communication as well as computer networking cables and associated equipment.

Wakefield's main trading names are South Hills Electronics and Alpeco and its sales are spread across the US and into the Caribbean and South America.

Mr Christopher Thomas, Diploma's chairman, said the acquisition would give his company entry to the expanding field of data cabling as well as an opportunity to participate in the growth expected from the creation of local area networks of computers.

Wakefield's sales for the nine months to the end of September 1989 were $16.5m (£10.2m) while profits at the pre-tax level were $2.56m (£1.59m).

Net assets were $10.2m (£6.3m).

The remaining 6 per cent of Wakefield's equity is owned by the existing managers.

Tavern buys Fast Forward stake

By David Owen

TAVERN LEISURE, the public house and catering group based in Oxford, has acquired 984,091 ordinary shares in Fast Forward Inns representing 14.9 per cent of issued ordinary share capital.

Tavern has also bought all of its fellow public house operator's 10 per cent convertible 'B' and 5.5 per cent convertible 'C' preference shares.

If converted, Tavern would own 26.7 per cent of the increased ordinary share capital. The total cash consideration amounts to £2.28m.

In addition, Tavern has entered into a contract to assist in the management of all Fast Forward operations. Mr Robert Halsey, Tavern chairman, has been appointed non-executive director of Fast Forward.

Last June, Tavern raised £4.7m through the largest Third Market flotation to date. In its first expansionary move thereafter, the group acquired in September two licensed premises in Northamptonshire for an undisclosed sum.

Fast Forward, which hopes to obtain permission for its ordinary shares to be traded on the Third Market, owns and operates 19 pubs, nine under the name of Slug and Lettuce.

AAH expands pharmacies outlets with £6.4m deal

By David Owen

AAH HOLDINGS, the distribution and services group, is adding 16 more retail pharmacies to its chain of outlets for a total consideration of about £6.4m.

The company said that the outlets would be added to its Vantage franchised pharmacy programme, further extending its geographical scope.

All but £50,000 of the purchase price will be satisfied by the issue of ordinary shares to be placed with institutional clients of Hoare Govett on behalf of the vendors.

The balance has been satisfied by a cash payment. Further small cash considerations are expected to be payable when stock values are confirmed.

Net assets acquired as a result of the transactions are put at £2.2m. Of the pharmacies, 14 are in the Newcastle/Gateshead area, with the others located in Weston-super-Mare and Blackburn respectively.

In comments on current trading, AAH's directors advised that its non-health-care-related activities – which include builders' and electrical supplies – are being affected by the deteriorating economy.

Shares slipped in the declining market, tumbling 10p to close at 415p.

Shareholders give approval to Kingfisher bid

By Maggie Urry

Shareholders of Kingfisher, the retail group, yesterday approved the company's £566m bid for Dixons, the electrical retailer at a special meeting.

Mr Geoffrey Mulcahy, Kingfisher's chief executive, said at the meeting: "I cannot emphasise enough that we are not going to overpay for a business which cries out for a new management approach and is going to require considerable effort on our part to turn around."

He said the 120p-per-share offer was "serious and generous" in the "light of our exhaustive analysis of the Dixons business".

Initial loss for Haemocell

Haemocell, the Newcastle-based medical equipment company which came to the Third Market in December 1988, reported an operating loss of £572,000 for the year ended August 1989.

The company, set up to develop a cell filtration system which allows blood to be collected during surgery and reinfused, said that development costs and operating expenditure had been contained within budgets. This had resulted in higher-than-expected interest received of £162,000.

The pre-tax loss was £410,000 and with no tax, loss per share came out at 3.3p.

Prospect companies rise to £0.7m

By Andrew Bolger

PROSPECT INDUSTRIES, a new holding company, yesterday reported the results of the three Midlands-based engineering subsidiaries which it acquired in November from Tace, the process control and environmental monitoring company.

The constituent companies of Prospect – Thomas Eaves, the Birch Group, and Airmatic Engineering – made pre-tax profits of £740,000 (£472,000) on turnover of £6.91m (£5.95m) in the year to September 30. Earnings per share were 1.22p (0.72p).

Prospect was dormant during the period up to September 30 and acquired a full listing in December.

Prospect also announced that it had this week bought the assets of GBR, a small fastener company based in Birmingham, for £100,000 in cash, plus a deferred consideration of a further £150,000 provided the sales and goodwill of GBR are maintained for a further two years.

GBR's turnover for 1989 was £450,000. Prospect said the assets, bought through Thomas Eaves, will be consolidated into Eaves, thereby giving a significant increase in Eaves's earnings potential.

Miles Smith to seek USM quote

By Patrick Cockburn

MILES SMITH Anderson & Game, one of the few remaining privately owned insurance brokers in Lloyd's of London, the insurance market, has become a public company and is to seek a quotation on the Unlisted Securities Market in the near future.

Miles Smith, which specialises in insurance for building services, has a turnover of £55-£60m.

The public company will absorb five specialist private concerns owned by the Miles Smith group, which provide international reinsurance, services to non-Lloyd's brokers, a Lloyd's members' agency and financial services.

The company is currently 90 per cent owned by Mr Roy Miles and Mr Colin Smith, the joint managing directors.

Mr Miles said he expected profits in the next financial year to total about £1m.

Miles Smith brokers specialise in placing at Lloyd's insurance for heating, ventilating, insulation and air conditioning contractors.

It is the only broker which specialises in placing liability for asbestos removal.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc Date	1989/90 High	Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
$100	F.P.	–	101	98	Abtrust New Thai Inv.	99	-1	–	–	–	–
§	F.P.	–	61	45	Do. Warrants	58	-2	–	–	–	–
§75	F.P.	–	86	81	‡Air London 5p	86		R2.25	2.5	3.5	13.1
†	F.P.	–	30	23	*Analysis Hldgs. 20p	27	+3	–	–	–	–
240	100	–	171½	100	Anglian Water	162	-5½	R15.3	2.3	6.8	7.4
†	F.P.	–	98	53	Anglo-Park Grp. 35p	88	+2	5.0	3.0	7.6	4.9
§100	F.P.	–	100	96	Anglo Scand.Inv. Units	96	-1	N3.38	–	4.7	–
§	F.P.	–	30	26	Do. Warrants	30		–	–	–	–
§42	F.P.	–	45	42	*Biocure 1p	42		–	–	–	–
210	F.P.	–	300	265	Chiltern Radio 10p	295	-3	4.0	2.9	1.8	25.0
§	F.P.	–	9¾	5¼	EFM Dragon Tst Wrrts'05	9¾		–	–	–	–
§50	F.P.	–	53	49	European Project IT 10p	52		–	–	–	–
–	F.P.	–	30	18	Do. Warrants	29		–	–	–	–
§130	F.P.	–	138	130	Fired Earth Tiles 10p	133		R4.87	2.2	4.9	10.9
–	F.P.	–	49	43	First Philippine Inv. Tst.	43	-1	–	–	–	–
–	F.P.	–	22	18	Do. Warrants	21		–	–	–	–
§100	F.P.	–	108	103	Grosvenor Dev. Cap.	107	+1	–	–	–	–
–	F.P.	–	34	22	Ibstock Johnsen Wrrt.	34	+1	–	–	–	–
§38	F.P.	–	42	38	*Image Store Hldgs. 10p	41		–	–	–	–
§	F.P.	–	600	489	JF Philippine Fd $1	489	-7	–	–	–	–
§	F.P.	–	219	193	Do. Warrants	214	+16	–	–	–	–
100	F.P.	–	103	100	Lon. & New York Cv. Tst.	101		N3.19	–	4.2	–
$10.5	F.P.	–	660	636	Malaysian Smllr. Co's Fd.	649	-10	–	–	–	–
§	F.P.	–	276	233	Do. Warrants	275	+11	–	–	–	–
500	F.P.	–	515	500	Merlin Intl. Green Inv.	515	+5	K2.25	–	0.6	–
§75	F.P.	–	78	69	‡Micklegate Group 1p	71		R2.25	3.4	4.2	8.3
†	F.P.	–	£15½	£13¼	Millicom Inc. 1c	£14¾		–	–	–	–
240	100	–	164	100	North West Water Grp.	160	-2½	R15.7	2.3	7.0	7.0
240	100	–	182	100	Northumbrian Water	175	-2½	R16.1	3.6	6.8	4.4
55	F.P.	–	72	55	*Oxford Virology 5p	67		–	–	–	–
†	F.P.	–	11	11	*Polysource Hldgs. 5p	11		–	–	–	–
10	F.P.	–	12	10	Prospect Inds. 5p	11		R0.3	q	3.6	9.3
§130	F.P.	–	173	143	Sage Group 5p	172	+13	L5.85	2.1	4.5	13.6
240	100	–	157½	100	Severn Trent	151	-2½	R14.85	3.0	6.8	4.9
240	100	–	181	100	South West Water	168½	-5½	R17.43	2.9	7.5	5.0
240	100	–	162	100	Southern Water	154	-5	R15.03	2.5	6.8	6.6
§25	F.P.	–	40	25	‡Storm Group 1p	37		–	–	–	59.7
†	F.P.	–	16½	12½	‡Surrey Group 5p	14½		R0.23	3.3	2.1	13.6
□	F.P.	12/1	558	528	TR High Inc Tst Units	558		M6.0	–	7.5	–
240	100	–	169	100	Thames Water	161	-4	R14.58	2.4	6.5	7.3
£2400	£1000	–	£1670	£1000	Water Package Units	£1605	-40	–	–	–	–
240	100	–	169	100	Welsh Water	159	-4	R16.75	2.9	7.5	5.1
240	100	–	182	100	Wessex Water	169	-6	R15.21	2.6	6.6	6.4
240	100	–	186	100	Yorkshire Water	167½	-8½	R15.42	2.4	6.7	6.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1989/90 High	Low	Stock	Closing Price £	+ or -
98.94	F.P.	-	99¼	96¼	British Inv. Tst. 11¼pc Sec. Db 2012	96¼	
89.65	£30	-	30½	29½	Brixton Ests. 10⅝pc 1st Mtg Db 2012	29½	
§99.68	F.P.	-	100½	97½	Foreign & Col. 11¼pc Db. 2014 £100	98¾	
§	£50	-	56	53	Grosvenor Dev. Cap. 7½pc Uns.Ln.1999	55	-1
100p	F.P.	-	106p	93p	MB Grp 7.25p Cv. Cm. Rd. Pf. 15p	105p	-1
100	F.P.	-	100	97	Omnitech 12pc Cv.Uns.Ln 2000	97	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1989/90 High	Low	Stock	Closing Price p	+ or -
2	Nil	30/1	1¼pm	½pm	*Amercoeur Energy 0.1p	1¼pm	+½
50	Nil	12/2	1½pm	1pm	*Andaman Resources 10p	1pm	
18	Nil	–	7½pm	6¾pm	Aviva Petroleum	7pm	
10	Nil	5/1	4pm	1½pm	Benson Group	2pm	
290	Nil	2/2	62pm	41pm	Fisons	50pm	-4
112	Nil	8/1	88pm	65pm	Power Corpn. Ir10p	88pm	+2
10	Nil	8/1	3pm	1½pm	Willaire Group 2p	2½pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. n Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¥ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. ♦ Figures or report awaited.

TRADITIONAL OPTIONS

- First Dealings Dec 18
- Last Dealings Jan 5
- Last Declarations Mar 22
- For settlement Apr 2

For rate indications see end of *London Share Service*

Calls in Sempernova, Control Secs., Babcock Int., Telemetrix, Blackwood Hodge, Amstrad, Eurotunnel Units, Western Motor and Leisure Invs.

Revamped J Williams surges to £278,000

FOLLOWING THE acquisition of two companies and the sale of one, John Williams Industries has produced merger-accounted results for the year ended September 30 1989.

These show pre-tax profits advancing from £41,000 to £278,000, earnings (ranking for dividend) of 0.63p (losses 1.33p), and the payment, on May 30, of an 0.5p dividend, the first since 1981.

The revamp was part of the group's transformation into an industrial holding organisation. The next step, announced yesterday, is divestment of the property interests subject to market conditions.

The company's principal business was the manufacture of iron and alloy iron castings. During the year Glen Metals, the steel stockholder, was sold, and Wyndham Engineering, the precision engineer, and Players (UK), which makes steel drums and also holds the Toyota vehicle franchise for the Swansea area, were acquired against the issue of shares.

Mr Brian Brownhill, chairman, reported that the foundry continued in deficit in the year, but the first phase of modernisation had been completed and benefits should become evident in the current year. The planning for the second phase was virtually completed.

As to the future, he felt it was both "stimulating and exciting", with the group having a firm foundation and a strong sense of direction.

Turnover in the year rose to £20.46m (£18.98m). There were extraordinary credits of £295,000 (debits £65,000), bringing the net profit to £425,000 (loss £225,000). Earnings on shares in issue at the year-end were 0.36p (loss 0.59p).

SHARE STAKES

Changes in company share stakes announced recently included:

Adwest Group: M&G Group holds 3.28m shares (5.12 per cent).

Aitken Hume: Fiduciary Management Services acquired 50,000 shares at 55p, making total holding 4.88m (9.52 per cent) in name of Apollo Nominees. Said Trust bought 50,000 at 53p and total holding is 12.15m (23.67 per cent) in name of Guernroy.

Allied Textiles: Scottish Amicable Investment Managers have a notifiable interest in 1.36m ordinary (5.15 per cent).

Analysis Holdings: through a family controlled company Emma Saunders, chairman, bought 30,000 shares at 29p, increasing total to 1.34m (3.01 per cent). Andrew Douglas, managing director, purchased 3,500 at 30p lifting his stake to 153,500 (0.35 per cent).

Ash and Lacy: Sun Alliance and London Insurance has acquired 1.74m shares (6.75 per cent).

Baldwin: Brent Walker Breweries sold 2.85m ordinary (17.3 per cent); Augsburg Investments purchased the stake.

Bellwinch: Scottish Amicable Investment Managers increased holding by 50,000 shares to 4.13m (12.56 per cent).

British & Commonwealth: Funds under the control of Scottish Amicable Investment Managers now hold 26.57m stock units (7.36 per cent).

Clayhithe: Grovewood Securities purchased 185,000 ordinary bringing holding to 1.19m (6.94 per cent).

Clyde Petroleum: a company controlled by the family of CB Phipps, chairman, sold 100,000 ordinary at 176p; his beneficial holding stays at 574,741 and that of the family company is 1.18m. AJ Martin, a director, disposed of 49,836 ordinary at 173p; having exercised options his beneficial interest remains at 39,405.

Earlys of Witney: Grovewood Securities acquired 110,000 shares and raised holding to 940,750 (16.1 per cent); issued 99,000 of its shares as consideration.

Fleming International Higher Income: Royal Insurance disposed of 4.45m shares, cutting total to 20.5m (18.36 per cent).

Gieves Group: Stanhope Pension Trust purchased 2,500 ordinary shares bringing total to 682,500 (5.01 per cent).

Harland Simon: Schroder Investment Management manage portfolios holding in aggregate 931,000 shares (6.77 per cent). Bishopsgate Investment Trust has disposed of interest in 925,820 (6.73 per cent).

Harrison Industries: Scottish Amicable Investment Managers hold 1.19m shares (9.8 per cent).

Helical Bar has purchased 50,000 ordinary at 249p for cancellation, and Mr CD Scott, a director, bought 1,882 at the same price.

Low and Bonar: John Govett, acting for clients under its discretionary management, purchased 363,250 ordinary bringing total interest to 6.12m (7.88 per cent).

Macro 4: Scottish Amicable Investment Managers lifted holding by 10,000 to 1.93m ordinary shares (8.73 per cent).

MAI: British Telecom Staff Superannuation Scheme owns nearly 12.3m shares (3.889 per cent).

Murray Smaller Markets: Equitable Life Assurance sold 100,000 ordinary, reducing total to 5.47m shares (9.86 per cent).

Paragon Communications: Mr Christopher Giroler has sold 200,000 ordinary at 118p each, reducing holding to 381,275 (7.02 per cent).

Parkfield Group: Norwich Union lifted stake to 3.3m ordinary shares (6.48 per cent).

Pentos: Discretionary investment portfolios managed by Mercury Asset Management hold 16.49m shares (16.04 per cent).

Petrocon Group: Richards Group has bought 300,000 ordinary, which should be aggregated with the holdings of PG Hodgson and JL Fergus, chairman and managing director respectively of Richards.

RIT Capital Partners: Prudential Corporation interested in 11.54m shares (6.99 per cent), including segregated funds managed for clients.

Riva Group: Clerical and General Life Assurance interested in 2.12m ordinary (8.16 per cent).

Saltire Insurance Investments: Clydesdale Investment Trust bought 250,000, increasing holding to 1.48m ordinary (9.8 per cent).

Summer International: Discretionary clients of Kleinwort Benson Investment Managers sold 100,000 ordinary and reduced holding to 371,000

Sutcliffe Speakman: interest of Govett Strategic Investment Trust reduced to 2.1m shares (10.92 per cent) following sale of 90,000.

WB Industries: Lloyds Investment Managers increased holding to nearly 3m shares (8.2 per cent).

NEWS IN BRIEF

GREAT SOUTHERN has acquired D Walsh & Son, funeral directors of Bradford, for £390,000 in £177,000 cash and 90,555 ordinary shares. In 1988 Walsh made pre-tax profits of £53,175 before directors remuneration and tax.

IMI has sold IMI Broderick Structures, of Woking, to Tarmac. The consideration was not disclosed.

POLLY PECK has completed the purchase of 51 per cent of Sansui Electric, making it the first foreign company to acquire a controlling interest in a Japanese quoted company. Purchase cost was £68.7m.

MARKET STATISTICS

ECONOMIC DIARY

TOMORROW: European Community Commission meets Irish Government, which took over presidency of EC on January 1, Dublin. Local and republican elections in Turkmenia, USSR. Leaning Tower of Pisa closed to public for three months for restoration.

MONDAY: Commons returns after Christmas recess. November final figures for retail sales, and November figures for credit business from Central Statistical Office. National Fitness Survey launched. Mr Toshiki Kaifu, Japanese Prime Minister, begins European tour in Bonn, then Brussels (January 10), Paris (11), London (12), Rome (12-13), Warsaw (14-15), and Budapest (15-17).

TUESDAY: Heads of State of Comecon members meet to consider recent developments in Eastern Europe and effect on Soviet trading bloc, Sofia. Department of the Environment publishes November figures for housing starts and completions. Third quarter details of personal income, expenditure and saving; together with third quarter figures for industrial and commercial companies, from the CSO. Details of December capital issues and redemptions from the Bank of England. Mr Cecil Parkinson, Transport Secretary, is one of the speakers at The Institute of Economic Affairs conference on the state of the economy, Queen Elizabeth II Conference Centre, London. Statement from Parents Against Tobacco.

WEDNESDAY: Advance energy statistics for November from department of Energy. Overseas travel and tourism figures for October from Department of Employment. Ford pay talks in London. Commons Education, Science and Arts Committee report on museum charges published, with Labour minority report. Statement following National Economic Development Council meeting chaired by Mr John Major, Chancellor of the Exchequer. Delegates from Bolivia, US, Columbia and Peru draw up agenda for February drug summit, Santa Cruz.

THURSDAY: Institute of Personnel Management report published on employees caring for elderly relatives. Welsh TV channel S4C relaunched. Commons Social Services Committee food poisoning report published.

FRIDAY: BSC/BISPA publish figures for usable steel production for December. Bank of England issues November quarterly analysis of bank advances.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 90 Vol	Feb. 90 Last	May 90 Vol	May 90 Last	Aug. 90 Vol	Aug. 90 Last	Stock
Gold C	$400	150	16.50	96	26.50	1	34 b	$406.10
Gold C	$410	63	9.50 b	62	20 b	–	–	$406.10
Gold C	$420	51	5.10 b	10	15	–	–	$406.10
Gold C	$430	437	3.90	71	11.30	–	–	$406.10
Gold P	$380	45	1.50	–	–	–	–	$406.10
Gold P	$400	90	6.70	–	–	–	–	$406.10

		Jan. 90 Vol	Jan. 90 Last	Feb. 90 Vol	Feb. 90 Last	Mch. 90 Vol	Mch. 90 Last	
EOE Index C	Fl. 270	25	28.50	50	30	–	–	Fl. 297.30
EOE Index C	Fl. 275	110	24	–	–	–	–	Fl. 297.30
EOE Index C	Fl. 290	85	9.60	18	12.50	1	16.30	Fl. 297.30
EOE Index C	Fl. 295	339	5.70	7	10	–	–	Fl. 297.30
EOE Index C	Fl. 300	532	2.50 a	50	7	7	9.50	Fl. 297.30
EOE Index C	Fl. 305	645	1.10 a	40	4.70	–	–	Fl. 297.30
EOE Index C	Fl. 310	150	0.60	94	3	7	5.50	Fl. 297.30
EOE Index P	Fl. 285	17	0.60	70	2.20	5	3.50	Fl. 297.30
EOE Index P	Fl. 290	113	1.20	78	3.50	26	5	Fl. 297.30
EOE Index P	Fl. 295	604	2.40	34	5	147	6.60	Fl. 297.30
EOE Index P	Fl. 300	504	4	81	7.40	69	8.20	Fl. 297.30
EOE Index P	Fl. 305	208	8	48	10	17	11	Fl. 297.30
EOE Index P	Fl. 310	123	12	105	12.50	–	–	Fl. 297.30
S/Fl C	Fl. 190	134	2.50	29	3.80	–	–	Fl. 189.63
S/Fl C	Fl. 195	–	–	38	2	65	2.70	Fl. 189.63
S/Fl C	Fl. 200	1	0.30	–	–	561	1.20	Fl. 189.63
S/Fl P	Fl. 195	30	5.50	8	5.70 b	78	7	Fl. 189.63

		Jan. 90 Vol	Jan. 90 Last	Apr. 90 Vol	Apr. 90 Last	Jul. 90 Vol	Jul. 90 Last	
ABN C	Fl. 40	67	0.90	3	2.30	38	3.10	Fl. 40.50
ABN P	Fl. 42.50	75	2.10	20	2	22	3.50	Fl. 40.50
Aegon C	Fl. 115	109	1.50	23	6.20	5	7.70	Fl. 114.30
Aegon P	Fl. 95	93	0.10	–	–	–	–	Fl. 114.30
Akzo C	Fl. 140	705	1.20	191	5.20	31	7.20	Fl. 137.60
Akzo P	Fl. 135	95	0.80	58	3.50	–	–	Fl. 137.60
Amev C	Fl. 60	39	2.20	68	4.70	3	5.50	Fl. 61.60
Amev P	Fl. 60	61	0.60	18	2	–	–	Fl. 61.60
Amro P	Fl. 80	–	–	73	3.60	100	4.60	Fl. 80.90
BUHRMANN-T C	Fl. 65	17	2.70	72	5	–	–	Fl. 66.70
BUHRMANN-T P	Fl. 65	12	1	–	–	47	2.70	Fl. 66.70
DAF N.V. C	Fl. 42.50	–	–	64	1.60	10	2.30	Fl. 40
DAF N.V. P	Fl. 40	110	1.20	25	2.20	22	3.50	Fl. 40
N.V. DSM C	Fl. 115	148	2	47	6.70	2	8.50	Fl. 115.70
N.V. DSM P	Fl. 120	126	4.50	78	7.80	–	–	Fl. 115.70
Elsevier C	Fl. 90	–	–	–	–	50	1.50	Fl. 79.70
Gist-Broc. P	Fl. 32.50	40	1.50	1034	2.50	30	3.50	Fl. 30.90
Heineken C	Fl. 125	130	2.50	14	7	–	–	Fl. 125.70
Hoogovens C	Fl. 80	902	2.60	1193	6.70	221	7.70	Fl. 80.50
Hoogovens P	Fl. 80	1101	1.90	928	4.70	123	8.50	Fl. 80.50
KLM C	Fl. 50	653	0.30	796	2.30	36	3.80	Fl. 48.30
KLM P	Fl. 45	125	0.20	459	1.30	30	2.20	Fl. 48.30
KNP C	Fl. 55	23	0.50	86	2.20	13	2.90	Fl. 52.10
NEDLLOYD C	Fl. 90	13	1.30	115	5.50	–	–	Fl. 88.80
NMB C	Fl. 50	28	0.80	120	2.40	4	3.30	Fl. 49.70
Nat. Ned. C	Fl. 70	1124	4.10	727	6.70	22	7.30	Fl. 73.80
Nat. Ned. P	Fl. 70	40	0.30	241	1.70	10	2	Fl. 73.80
Philips C	Fl. 47.50	150	0.60	1280	2.70	10	3.80	Fl. 45.90
Philips P	Fl. 45	332	0.40	568	2.30	113	3.20	Fl. 45.90
Royal Dutch C	Fl. 150	929	0.80	196	4.50	36	6	Fl. 145
Royal Dutch P	Fl. 140	63	0.60	122	2.50	3	5.50	Fl. 145
Unilever C	Fl. 150	328	11.50	24	15	4	17	Fl. 161.10
Unilever P	Fl. 160	205	1.90	214	4.70	–	–	Fl. 161.10
Van Ommeren C	Fl. 32.50	210	1.70	18	3.20	–	–	Fl. 34
Van Ommeren P	Fl. 30	11	0.10	58	1	–	–	Fl. 34

TOTAL VOLUME IN CONTRACTS : 49,352

A=Ask B=Bid C=Call P=Put

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday January 5 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu Jan 4 Index No.	Wed Jan 3 Index No.	Tue Jan 2 Index No.	Year ago (approx) Index No.	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (202)	955.25	-0.6	11.94	4.47	10.28	0.00	960.80	958.40	936.03	794.93	1012.97 18/8 /89	775.54 3 /1 /89	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (27)	1171.02	-0.9	13.45	4.83	9.27	0.00	1181.89	1188.21	1161.14	958.50	1287.14 19/5 /89	939.06 3 /1 /89	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (36)	1612.87	-0.5	15.60	4.89	8.36	0.00	1621.44	1602.20	1574.40	1492.34	1881.66 14/3 /89	1306.13 27/10/89	1951.50 16/7 /87	71.43 2 /12/74
4	Electricals (10)	2723.67	-1.0	9.92	4.57	12.67	0.00	2751.15	2737.19	2686.60	2319.06	3040.80 8 /9 /89	2294.30 3 /1 /89	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (30)	2020.80	-0.2	9.84	3.62	14.22	0.00	2025.67	2024.97	1944.04	1844.62	2308.22 19/5 /89	1776.44 3 /1 /89	2308.22 19/5 /89	1229.01 8 /10/85
6	Engineering-Aerospace (8)	491.52	-0.8	12.23	4.49	10.09	0.00	495.50	495.33	488.22	0.00	495.50 4 /1 /90	486.00 29/12/89	495.50 4 /1 /90	486.00 29/12/89
7	Engineering-General (44)	501.70	-0.2	11.21	4.60	10.75	0.00	502.82	497.42	489.03	0.00	502.82 4 /1 /90	486.00 29/12/89	502.82 4 /1 /90	486.00 29/12/89
8	Metals and Metal Forming (6)	509.22	-1.2	23.16	5.91	4.87	0.00	515.57	502.25	485.81	461.35	562.47 19/5 /89	439.27 27/10/89	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (16)	399.95	-1.0	13.30	5.27	8.81	0.00	403.90	401.51	392.93	263.71	403.90 4 /1 /90	258.24 3 /1 /89	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (25)	1765.99	-0.4	9.50	4.07	12.22	0.00	1773.27	1774.64	1745.78	1338.85	1881.53 18/8 /89	1311.63 3 /1 /89	1881.53 18/8 /89	277.55 15/1 /81
21	CONSUMER GROUP (180)	1352.80	-0.1	8.41	3.51	14.87	0.00	1354.22	1357.03	1337.62	1034.52	1417.92 4 /9 /89	1016.74 3 /1 /89	1417.92 4 /9 /89	61.41 13/12/74
22	Brewers and Distillers (22)	1543.71	—	9.28	3.41	13.38	0.00	1543.62	1556.79	1556.75	1130.95	1583.71 5 /9 /89	1112.42 3 /1 /89	1583.71 5 /9 /89	69.47 13/12/74
25	Food Manufacturing (19)	1181.56	+0.4	9.19	3.74	13.51	0.00	1177.11	1184.41	1174.98	942.84	1220.42 4 /9 /89	926.04 3 /1 /89	1220.42 4 /9 /89	59.67 11/12/74
26	Food Retailing (16)	2337.48	-0.4	8.79	3.24	14.76	0.00	2346.16	2341.88	2312.81	1807.76	2722.38 5 /9 /89	1784.64 3 /1 /89	2722.38 5 /9 /89	54.25 11/12/74
27	Health and Household (13)	2786.41	-0.3	5.62	2.35	21.19	0.00	2795.49	2778.35	2738.26	1826.62	2795.49 4 /1 /90	1778.28 3 /1 /89	2795.49 4 /1 /90	175.38 28/5 /80
29	Leisure (34)	1682.94	-0.2	7.94	3.51	15.51	0.00	1686.27	1695.59	1673.12	1359.41	1845.77 8 /9 /89	1346.22 3 /1 /89	1845.77 8 /9 /89	54.83 9 /1 /75
31	Packaging & Paper (15)	587.62	-0.2	11.35	4.91	11.08	0.00	588.58	576.42	562.40	534.38	623.86 4 /9 /89	512.34 16/10/89	739.48 16/7 /87	43.46 6 /1 /75
32	Publishing & Printing (17)	3828.92	-0.6	8.22	4.58	15.72	0.00	3853.61	3812.43	3778.37	3275.75	3916.24 8 /2 /89	3236.76 4 /1 /89	5070.66 5 /10/87	55.08 6 /1 /75
34	Stores (31)	833.69	+0.2	10.54	4.48	12.36	0.00	831.92	844.66	811.79	690.68	921.71 4 /9 /89	679.97 3 /1 /89	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (13)	551.80	-0.5	10.48	5.43	11.57	0.00	554.37	546.29	533.40	476.44	586.98 21/9 /89	464.58 0 /0 /0	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (103)	1228.94	-0.4	10.42	4.44	11.49	0.00	1233.46	1233.52	1214.04	910.15	1233.52 3 /1 /90	896.15 3 /1 /89	1233.52 3 /1 /90	53.63 6 /1 /75
41	Agencies (16)	1611.08	+0.3	6.56	2.25	18.71	0.00	1606.69	1582.34	1566.24	1060.70	1630.70 5 /9 /89	1030.84 3 /1 /89	1795.57 17/7 /87	870.35 4 /12/87
42	Chemicals (22)	1295.87	+0.4	11.69	4.96	10.08	0.00	1290.50	1277.56	1252.32	1055.46	1378.94 11/8 /89	1026.37 3 /1 /89	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (14)	1698.12	-0.1	10.69	5.15	10.95	0.00	1699.92	1710.25	1657.42	1281.08	1819.46 11/8 /89	1254.94 3 /1 /89	1819.46 11/8 /89	975.19 10/11/87
44	Transport (13)	2425.92	-1.3	9.98	3.96	12.77	0.00	2458.00	2432.07	2378.87	1878.80	2554.69 12/7 /89	1836.25 4 /1 /89	2554.69 12/7 /89	90.80 29/6 /62
46	Telephone Networks (2)	1268.46	-1.0	10.01	4.04	12.99	0.00	1280.73	1290.72	1277.38	1011.26	1290.72 3 /1 /90	1002.43 3 /1 /89	1290.72 3 /1 /90	517.92 30/11/84
47	Water (10)	1983.00	-1.4	17.57	6.83	6.30	0.00	2011.56	2012.77	1985.65	0.00	2012.77 3 /1 /90	1968.45 2 /1 /90	2012.77 3 /1 /90	1968.45 2 /1 /90
48	Miscellaneous (26)	1977.08	+0.2	8.96	4.19	12.59	0.00	1973.25	1981.35	1971.24	1188.82	2087.06 11/7 /89	1183.56 5 /1 /89	2087.06 11/7 /89	60.39 6 /7 /75
49	INDUSTRIAL GROUP (485)	1230.82	-0.3	9.91	4.03	12.35	0.00	1234.57	1234.94	1213.99	953.27	1273.71 5 /9 /89	935.74 3 /1 /89	1273.71 5 /9 /89	59.01 13/12/74
51	Oil & Gas (15)	2437.71	-0.7	8.85	4.70	14.59	0.00	2454.08	2474.96	2475.71	1736.90	2475.71 2 /1 /90	1725.48 0 /0 /0	2475.71 2 /1 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1331.98	-0.4	9.77	4.13	12.64	0.00	1336.72	1338.65	1319.17	1019.89	1355.68 5 /9 /89	1002.81 3 /1 /89	1369.88 16/7 /87	63.49 13/12/74
61	FINANCIAL GROUP (116)	865.51	—	–	4.89	–	0.00	865.58	869.67	865.68	677.75	869.67 3 /1 /90	670.86 3 /1 /89	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	908.77	+0.6	19.12	5.58	6.87	0.00	895.52	901.53	894.20	667.13	901.53 3 /1 /90	657.74 3 /1 /89	901.53 3 /1 /90	62.44 12/12/74
65	Insurance (Life) (7)	1462.79	-0.5	–	4.54	–	0.00	1470.04	1484.67	1461.90	937.36	1484.67 3 /1 /90	933.96 5 /1 /89	1484.67 3 /1 /90	44.88 2 /1 /75
66	Insurance (Composite) (7)	727.44	-0.7	–	5.20	–	0.00	732.41	750.99	763.09	530.73	768.11 29/12/89	528.72 3 /1 /89	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (6)	1185.55	-0.8	6.27	5.32	21.25	0.00	1194.74	1192.36	1176.65	943.78	1194.74 4 /1 /90	916.68 3 /1 /89	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (10)	499.17	+0.2	–	3.47	–	0.00	498.17	491.91	484.30	322.22	499.17 5 /1 /90	318.05 3 /1 /89	547.59 12/10/87	31.21 7 /1 /75
69	Property (49)	1240.41	-0.2	7.39	3.46	17.11	0.00	1242.53	1231.81	1227.61	1212.22	1398.87 5 /9 /89	1126.55 17/10/89	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (28)	350.17	-0.1	12.05	6.02	10.86	0.00	350.59	346.00	342.26	345.63	391.49 8 /2 /89	304.56 16/10/89	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (68)	1318.00	-0.4	–	2.75	–	0.00	1323.81	1320.43	1301.76	932.73	1323.81 4 /1 /90	922.04 3 /1 /89	1323.81 4 /1 /90	71.12 13/12/74
91	Overseas Traders (5)	1584.20	-0.5	8.72	5.00	13.19	0.00	1592.41	1614.04	1601.26	1291.82	1614.04 3 /1 /90	1255.98 17/10/89	1614.04 3 /1 /90	97.37 6 /1 /75
99	ALL-SHARE INDEX (689)	1220.77	-0.3	–	4.20	–	0.00	1224.52	1226.83	1210.92	935.77	1226.83 3 /1 /90	921.22 3 /1 /89	1238.57 16/7 /87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 4	Jan 3	Jan 2	Dec 29	Dec 28	Year ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2444.5	-7.1	2448.7	2436.6	2451.6	2463.7	2434.1	2422.7	2398.8	1811.3	2463.7 3 /1 /90	1694.5 8 /2 /88	2463.7 3 /1 /90	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Jan 5	Day's change %	Thu Jan 4	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	116.98	+0.15	116.80	–	0.00
2	5-15 years	129.69	-0.11	129.83	–	0.08
3	Over 15 years	139.37	-0.22	139.68	–	0.00
4	Irredeemables	157.96	-0.10	158.12	–	0.00
5	All stocks	128.10	-0.04	128.15	–	0.05
	Index-Linked					
6	Up to 5 years	141.72	+0.12	141.54	–	0.00
7	Over 5 years	141.03	-0.08	141.14	–	0.00
8	All stocks	140.96	-0.06	141.05	–	0.00
9	Debentures & Loans	105.99	-0.02	106.01	–	0.00
10	Preference	84.47	-0.21	84.65	–	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jan 5	Thu Jan 4	Year ago (approx.)	1989/90 High	1989/90 Low
	British Government						
1	Low	5 years	10.18	10.18	9.45	10.48 11/10/89	8.88 9 /2 /89
2	Coupons	15 years	9.63	9.60	9.14	9.91 4 /12/89	8.77 9 /2 /89
3		25 years	9.58	9.54	9.05	9.83 4 /12/89	8.73 16/2 /89
4	Medium	5 years	11.09	11.08	10.68	11.41 6 /12/89	9.96 8 /2 /89
5	Coupons	15 years	10.08	10.04	9.74	10.32 6 /12/89	9.21 8 /2 /89
6		25 years	9.74	9.71	9.29	9.96 4 /12/89	8.85 17/2 /89
7	High	5 years	11.24	11.24	10.92	11.56 6 /12/89	10.13 8 /2 /89
8	Coupons	15 years	10.27	10.23	9.88	10.53 4 /12/89	9.41 8 /2 /89
9		25 years	9.86	9.82	9.23	10.10 4 /12/89	8.99 27/1 /89
10	Irredeemables	†	9.68	9.66	9.04	9.93 4 /12/89	8.68 15/3 /89
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.83	3.85	3.73	4.10 13/10/89	2.75 21/8 /89
12	Inflation rate 5%	Over 5 yrs.	3.61	3.60	3.75	3.84 5 /6 /89	3.41 21/8 /89
13	Inflation rate 10%	Up to 5 yrs.	2.96	2.97	2.53	3.30 2 /6 /89	1.91 21/8 /89
14	Inflation rate 10%	Over 5 yrs.	3.44	3.43	3.59	3.67 5 /6 /89	3.23 21/8 /89
15	Debs &	5 years	13.67	13.68	11.65	13.82 3 /11/89	11.47 30/12/88
16	Loans	15 years	12.42	12.42	11.28	12.56 3 /1 /90	11.19 1 /2 /89
17		25 years	12.13	12.13	10.95	12.19 29/11/89	10.66 27/2 /89
18	Preference	†	10.93	10.90	10.40	10.93 5 /1 /90	10.00 17/3 /89

‡Opening index 2447.9; 10 am 2448.5; 11 am 2443.8; Noon 2441.4; 1 pm 2442.8; 2 pm 2443.3; 3 pm 2437.3; 3.30 pm 2438.8; 4 pm 2440.0 (a) 10.14am (b) 2.56pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Engineering - Aerospace	29/12/89	486.00	Other Industrial Materials	31/12/80	287.41	Food Retailing	29/12/67	114.13
Engineering - General	29/12/89	486.00	Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Water	29/12/89	1968.45	Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Conglomerates	31/12/86	1114.07	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Telephone Networks	30/11/84	517.92	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00
Electronics	30/12/83	1646.65	Food Manufacturing	29/12/67	114.13	Preference	31/12/77	76.72
						FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

BASE LENDING RATES

	%		%		%
ABN Bank	15	Comm. Bk. N. East	15	Northern Bank Ltd	15
Adam & Company	15	Co-operative Bank	*15	Norwich Gen. Trust	15
Allied Trust Bank	15	Coutts & Co	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Cyprus Popular Bk	15	PRIVATbanken Limited	15
● Henry Ansbacher	15	Dunbar Bank PLC	15	Provincial Bank PLC	16
Associates Cap Corp	14	Duncan Lawrie	15	Roxburghe G'rantee	15½
Authority Bank	15	Equatorial Bank plc	15	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Royal Trust Bank	15
Bank of Baroda	15	Financial & Gen. Bank	15	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	First National Bank Plc.	16	Standard Chartered	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	TSB	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	● United Bk of Kuwait	15
Bank of Cyprus	15	Girobank	15	United Mizrahi Bank	15
Bank of Ireland	15	● Guinness Mahon	15	Unity Trust Bank Plc	15
Bank of India	15	HFC Bank plc	15	Western Trust	15
Bank of Scotland	15	● Hambros Bank	15	Westpac Bank Corp.	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Whiteaway Laidlaw	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Yorkshire Bank	15
Benchmark Bank PLC	15	● Hill Samuel	§15		
Brit Bk of Mid East	15	C. Hoare & Co.	15		
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
		Mount Banking	15		
		Nat Bk. of Kuwait	15		
		NatWestminster	15		

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BANK RETURN

BANKING DEPARTMENT	Wednesday January 3, 1990		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	67,583,817	+	5,751,381
Bankers Deposits	1,548,041,471	-	95,876,392
Reserve and other Accounts	2,178,941,760	-	621,469,033
	3,809,100,048	-	711,594,044
ASSETS			
Government Securities	1,168,926,529	-	136,854,999
Advance and other Accounts	571,256,776	+	45,144,313
Premises Equipment & other Secs	2,059,635,208	-	620,098,628
Notes	9,058,113	+	265,346
Coin	223,422	-	50,076
	3,809,100,048	-	711,594,044
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,120,941,887	-	950,265,346
Notes in Banking Department	9,058,113	+	265,346
	16,130,000,000	-	950,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	12,458,791,276	-	1,491,077,352
Other Securities	3,660,193,624	+	541,077,352
	16,130,000,000	-	950,000,000

FT-ACTUARIES SHARE INDICES - QUARTERLY VALUATION

The market capitalisations of the groups and sub-sections of the FT-Actuaries indices as at December 29, 1989, are expressed below both before and after the 1989 year-end changes. Comparative figures are also shown for the quarter ending September 1989. The first figures denote the current number of constituents and the second bracketed figures, where given, the number before year-end changes.

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks)			Market capitalisation as at Dec.29, 1989 (£m.)	% of all share index	Market capitalisation as at Dec.29,1989 (£m.)	% of all share index	Market capitalisation as at Sept.29,1989 (£m.)	% of all share index
1	CAPITAL GOODS GROUP	202	(204)	80,881.0	17.21	75,479.0	16.13	81,236.1	17.93
2	Building materials	27	(28)	14,043.0	2.99	14,143.5	3.02	14,727.3	3.25
3	Contracting, Construction	36	(37)	6,975.2	1.48	7,126.9	1.52	7,195.7	1.59
4	Electricals	10	(10)	3,653.5	0.78	3,653.5	0.78	3,816.6	0.84
5	Electronics	30	(30)	14,109.7	3.00	14,109.7	3.02	15,506.9	3.42
6	Mechanical Engineering	-	(53)	—	—	13,326.3	2.85	14,300.9	3.16
6	Engineering-Aerospace	8	(-)	5,241.0	1.11	—	—	—	—
7	Engineering-General	44	(-)	7,935.5	1.69	—	—	—	—
8	Metals and Metal Forming	6	(6)	4,125.3	0.88	4,125.3	0.88	4,340.1	0.96
9	Motors	16	(16)	4,775.5	1.02	4,775.5	1.02	7,208.7	1.59
10	Other Industrial Materials	25	(24)	20,022.3	4.26	14,218.3	3.04	14,139.9	3.12
21	CONSUMER GROUP	180	(184)	144,801.2	30.80	143,336.6	30.62	141,627.2	31.26
22	Brewers and Distillers	22	(23)	25,629.2	5.45	25,669.8	5.48	23,269.0	5.13
25	Food Manufacturing	19	(20)	20,936.4	4.45	20,964.1	4.48	20,548.9	4.54
26	Food Retailing	16	(15)	14,764.2	3.14	13,274.8	2.84	14,248.9	3.14
27	Health and Household Products	13	(14)	33,027.4	7.03	33,056.1	7.06	30,270.1	6.68
29	Leisure	34	(34)	15,586.3	3.32	15,586.3	3.33	15,991.0	3.53
31	Packaging and Paper	15	(14)	2,396.3	0.51	2,246.5	0.48	3,106.3	0.69
32	Publishing and Printing	17	(18)	9,079.3	1.93	9,109.6	1.95	9,278.4	2.05
34	Stores	31	(32)	19,706.6	4.19	19,723.0	4.21	20,949.4	4.62
35	Textiles	13	(14)	3,675.5	0.78	3,706.4	0.79	3,965.2	0.88
40	OTHER GROUPS	103	(97)	99,257.2	21.11	95,760.6	20.46	89,554.7	19.77
41	Agencies	16	(17)	7,253.9	1.54	7,294.4	1.56	7,190.7	1.59
42	Chemicals	22	(21)	14,644.9	3.12	14,498.2	3.10	15,240.4	3.36
43	Conglomerates	14	(14)	17,154.3	3.65	16,199.4	3.46	15,982.2	3.53
44	Transport	13	(13)	10,307.8	2.19	10,307.8	2.20	10,410.3	2.30
46	Telephone Networks	2	(2)	24,588.4	5.23	24,588.4	5.25	22,113.9	4.88
47	Water	10	(-)	6,511.7	1.38	—	—	—	—
48	Miscellaneous	26	(30)	18,796.2	4.00	22,877.4	4.89	18,617.2	4.11
49	INDUSTRIAL GROUP	485	(485)	324,939.4	69.12	314,576.2	67.21	312,418.0	68.96
51	Oil and Gas	15	(15)	53,912.9	11.46	53,912.9	11.51	47,289.4	10.44
59	500 SHARE INDEX			378,852.3	80.58	368,489.1	78.72	359,707.4	79.40
61	FINANCIAL GROUP	116	(120)	72,527.3	15.43	72,622.9	15.52	67,991.1	15.01
62	Banks	9	(9)	26,787.9	5.70	26,788.0	5.72	24,138.2	5.33
65	Insurance (Life)	7	(7)	8,440.4	1.80	8,440.4	1.81	8,141.6	1.80
66	Insurance (Composite)	7	(7)	12,881.1	2.74	12,881.1	2.75	10,993.2	2.42
67	Insurance Brokers	6	(7)	2,230.2	0.47	2,241.2	0.48	1,889.6	0.42
68	Merchant Banks	10	(11)	3,811.3	0.81	3,832.8	0.82	2,996.3	0.66
69	Property	49	(49)	13,986.7	2.98	13,986.7	2.99	14,982.9	3.31
70	Other Financial	28	(30)	4,389.7	0.93	4,452.7	0.95	4,849.3	1.07
71	Investment Trusts	68	(69)	15,496.3	3.30	15,538.2	3.32	15,045.1	3.32
81	Mining Finance	-	(1)	—	—	5,711.2	1.22	5,244.1	1.16
91	Overseas Traders	5	(7)	3,250.0	0.69	5,718.7	1.22	5,011.4	1.11
99	ALL-SHARE INDEX	689	(697)	470,125.9	100.0	468,080.1	100.0	452,999.1	100.0

INTERNATIONAL COMPANIES AND FINANCE

Power struggle at Louis Vuitton takes new turn

By George Graham in Paris

LVMH, the French drinks and luxury goods group, has filed a lawsuit asking for the appointment of a court administrator at its luggage making subsidiary Louis Vuitton.

The group is already embroiled in a legal dispute, with Mr Bernard Arnault, LVMH chairman, engaged in a year-old power struggle with Mr Henry Racamier, head of Louis Vuitton. Yesterday's suit, however, appears to take the battle to a fiercer pitch.

Mr Arnault has sought to remove the 77-year-old Mr Racamier from the management of Louis Vuitton, of which LVMH controls 98 per cent. Mr Arnault has so far been blocked by a series of lawsuits contesting the legality of the warrants through which he acquired a large portion of his 45 per cent stake in LVMH, held jointly with Guinness, the UK drinks group.

The suit from LVMH will be heard next Friday, a week before the Paris commercial court is due to rule on the legality of Mr Arnault's LVMH warrants.

LVMH said last night that it had demanded the appointment of a judicial administrator in the face of a meeting called by Louis Vuitton for January 25. It described this meeting as an attempt by Louis Vuitton's management to ratify retroactively a series of contracts with Bluebell Asia, its retailing partner in South-East Asia.

The statement said the Bluebell contracts were "contrary to the corporate interests of the LVMH group," adding that although signed in March 1988, they had not been mentioned in Louis Vuitton's 1988 accounts.

Louis Vuitton last night "protested vigorously" against the *LVMH* suit, which it said was intended to damage the company.

It said the meeting scheduled for January 25 was destined only to hear an auditor's report on the contested contracts, which are also being investigated by the French public prosecutors' office after a small shareholder filed a suit alleging mismanagement of the company. No other items were on the agenda.

Vuitton is also suing the French magazine l'Express for libel following an article on the Bluebell contracts. Senior executives of Vuitton are worried that the row surrounding its arrangement with Bluebell Asia may encourage the Hong Kong tax authorities to look more closely at the way its Far Eastern distribution, which includes an "offshore loop" to minimise local sales taxes, is organised.

Nippon Life, Amexco accord

By Alan Friedman in New York

NIPPON LIFE Insurance, Japan's largest life assurer, is to purchase $200m of non-voting preferred stock in American Express, the US financial services group.

The stock, which bears a 7¾ per cent dividend rate, will be convertible into Amex common stock representing just above 1 per cent of total Amex share capital.

Under the accord Amex may also exercise an option after three years of asking Nippon Life to convert the preferred stock into subordinated debentures maturing in 2015.

The move will expand Nippon Life's investments in the US financial services group beyond a 13 per cent equity stake it already owns in Amex's Shearson Lehman Hutton securities subsidiary.

Nippon Life's Shearson stake will be diluted to 10 per cent by a forthcoming public share offer that is part of an overall $900m recapitalisation of the beleaguered subsidiary, but the Japanese insurer is likely to maintain its Shearson holding by acquiring further shares. An executive of Nippon Life in New York said he could not comment on the matter.

When Nippon Life took the Shearson stake in 1987 it was also granted warrants to purchase 2m ordinary Amex shares at $50 each. The $200m of preferred stock in Amex now being acuired may be converted to common at a price of $42.50 per share. Yesterday's mid-afternoon Amex share price was $34¼.

Nippon Life also co-operates with Amex by marketing the US group's plastic cards to its customers in Japan and by a series of employee swaps and other ventures.

● **Taisho Marine and Fire Insurance, a leading non-life insurer in Japan, has strengthened its co-operative ties with Generali of Italy to expand its business in Europe, AP-DJ reports from Tokyo.**

Taisho will be able to use Generali's sales and assessment network covering most of western European nations as well as Hungary. It will also acquire 10 per cent of Generali Sigorta, Generali's Turkish subsidiary, for $500,000.

Amro acquires German bank

By Laura Raun in Amsterdam and Haig Simonian in Frankfurt

AMSTERDAM-ROTTERDAM Bank (Amro), the Netherlands' second largest commercial bank, is to take over Frankfurter Kreditbank, a West German leasing and industrial credit institution, as part of its expansion abroad.

The bank is being sold for an undisclosed sum, by Berliner Handels- und Frankfurter Bank (BHF Bank), the West German merchant bank which owns 80 per cent, and Deutsche Genossenschaftsbank (DG Bank), holder of the remainder. It has been run as part of the BHF group.

Frankfurter Kreditbank, which has branches in 11 German cities apart from its Frankfurt headquarters, had total assets of some DM1.8bn ($1.07bn) last year. It is ranked among the country's top five institutions involved in asset-linked financing and specialises in the leasing of cars, trucks, computers, office equipment and construction plant.

Amro described the deal as a "medium-sized investment" but refused to disclose the purchase price, method of financing or Frankfurter Kreditbank's earnings other than to say they are in the black. No capital issue was needed to pay for the acquisition, it added.

For Amro the acquisition will mean a leading position in the rapidly growing Dutch-West German market for asset-linked finance and leasing – further enhanced by the opening of eastern Europe. Services should be strengthened for Dutch exporters to Germany and for clients of Amro Handelsbank, its West German bank which operates in 10 cities. The takeover is part of Amro's continued expansion abroad since last year's collapse of plans for a full merger with Generale Bank of Belgium. The Dutch bank will soon expand its minority stake in Massonaud Fontenay, the French brokerage, to a majority stake and recently launched a payment-card joint venture with Cetelem of France. A representative bank office in Seoul was opened on December 15.

SAS to buy 30% stake in Lan Chile

By Barbara Durr in Santiago

SCANDINAVIAN Airlines System (SAS) is to buy 30 per cent of Lan Chile, the country's newly privatised airline.

The deal was estimated at about $15m by Mr Guillermo Carey, Lan Chile president. SAS backed Mr Carey's bid for the airline last August, helping him obtain a $29m loan from Morgan Guaranty for his $42.3m offer for 51 per cent of the shares.

But SAS had refrained from coming in directly as a partner, saying that its participation would depend on Chile's political development. The country's first free elections in more than 16 years were held last month and it is due to return to democratic government in March.

An additional impediment to SAS was that Corfo, the state holding company, had stipulated that Mr Carey had to hold his shares for one year before selling. Corfo, which still owns 32.7 per cent of the airline, has now withdrawn that condition given the advantages of SAS's association with Lan Chile.

Mr Carey also said that SAS would take part in the company's $30m capital expansion, which was agreed by the board last month. Mr Carey has laid ambitious plans for Lan Chile's growth, particularly in tourism and expansion of routes, for which he is acquiring four aircraft.

Lan Chile would combine its offices around the world with SAS, he added, saving the company significant expense. SAS also holds a contract for technical advice to Lan Chile.

On its part, SAS has been seeking a high quality partner in South America to feed into its global traffic network. It wants round-the-world connections for Scandinavian business travellers and already has agreements for capital participation in Thai Airways International, All Nippon Airways, Airlines of Britain, and Texas Air.

Mr Carey has signed a $50m leasing-acquisition agreement with British Aerospace for two BAe 146-200 quiet jets, the first of which is to arrive next week.

● **Thai Airways International has reported pre-tax profits of $289.9m for its year to September, up 12 per cent, Our Financial Staff writes.**

Revenues rose 16.9 per cent to $1.81bn with passengers carried up 41.1 per cent.

● **Malaysian Airline System (MAS) came under criticism from Mr Ling Liong Sik, that country's Transport Minister, who met senior officials to discuss alleged flight delays, poor service and overbooking.**

Sibling rivalry spurs the Modis

Gita Piramal reports on India's tenth largest trading house

According to Mr Krishna Kumar (KK) Modi, nothing ignites corporate growth in a *family business* quite like a dash of sibling rivalry. Mr Modi should know. He is the eldest of five squabbling brothers all of whom are on an asset-building spree.

During the past few months the group, India's 10th largest, has announced no fewer than 11 big projects requiring a minimum capital investment of more than Rs20bn ($1.2bn) – a figure well above current annual sales of Rs11.1bn.

The investments planned include a polyester filament yarn plant (Rs2.5bn), a viscose staple fibre plant in collaboration with UK's Courtaulds (Rs2.1bn), a nylon tyre cord plant (Rs2.3bn) and a float glass unit (Rs2.5bn).

Apart from the mega-projects are a host of smaller schemes, such as a proposal to start a business newspaper in collaboration with the Financial Times, the launch of an offshore mutual fund, and an attempt at international trading and consultancy. There are also proposals to manufacture products ranging from sparkling wines to steel tyre cord, from household vacuum cleaning machines to butyl rubber, and from computers to wood pulp.

Even as the contours of new undertakings are being mapped out, earlier ones are receiving injections to extend their life.

In 1986 Mr Bhupendra K. Modi signed up with Olivetti to produce the Italian company's range of personal computers in India. After several false starts the first Modi Olivetti models rolled out last August.

For more than five years the business grapevine buzzed with Mr Umesh K. Modi's proposal to set up a sponge iron plant. Finally in April last year the Rs1.1bn plant at Jamshedpur (Bihar) went into commercial production with an annual capacity of 150,000 tonnes. No sooner had he got this under way than he was proposing a rather larger steel project where the investment could reach Rs6bn.

Bhupendra (left) and Krishna Kumar, two of five squabbling brothers all on an asset-building spree

Meanwhile Mr Satish K. Modi is carving out an international image for the group. Not only has he teamed up with Mr Prescott S. Bush Jr, the US President's elder brother, to build holiday homes for non-resident Indians, but he has also managed to attract John Fleming, a leading Hong Kong merchant bank, to India.

Last November, they together launched an offshore mutual fund which links the Indian capital market with the booming Pacific rim economies.

The moot question is of course, from where will all the money for these projects come? Mr KK Modi answers it like this: "One of my companies, Godfrey Philips (a cigarette manufacturer) has no borrowings at all. We have unutilised bank limits of over Rs250m and another Rs60m is lying with the Unit Trust of India. I do not foresee any problems in raising the funds for my polyester filament yarn project. And as for the others, we have a family pool. If one brother needs more funds than he can raise through the company under his management, he can approach the family pool."

Ironically, therein may lie the seed for future discontent. Some Modi companies are doing well while other are not. As one way out, the loss-making Modi Carpets is being merged with the very profitable Modi Rubber, a tyre manufacturer, as a revival measure.

Who will contribute to the family pool and in what proportion? And if several bright proposals come up at the same time, with limited resources, which one will get the nod from the other brothers? Knotty questions such as these are bound to surface and may destroy an already fragile truce.

Other factors may slow the Modis' dash for corporate dominance. Though the group's purchase last July of Computer Point, a retail chain, went through smoothly, other takeover attempts have been singularly unsuccessful. Despite dogged patience the Modis failed to acquire Kothari General Foods. Earlier a bid for Genelac, formerly part of GEC of the UK, fizzled out in the face of strong resistance from minority shareholders.

Unusually, the clan has not always obtained all the required governmental permissions for their projects before announcing them with great fanfare. This applies both to the tyre cord plant and mutual fund.

The bonds of affection between the brothers are also somewhat threadbare, although relations are better than they have been. Mr Umesh K. Modi's Rs400m steel cord project, for example, is envisaged as part of Modi Rubber's Rs800m steel radial tyre plant being set up at Modipuram. Modi Rubber is managed jointly by Mr Vinay K. Modi and mr Bhupendra K. Modi. But few would bank on these bonds not breaking at a crunch.

The perennially optimistic Mr KK Modi – despite the traumas he faces daily in keeping his aggressive brothers under one corporate roof – insists that a certain level of sibling competition is crucial to growth.

"With my brothers, it is a cold war," he says.

Undeniably the Modis are on the move. But it remains unclear whether such family subtleties help or hinder corporate dynamism.

French push for common EC share listing

By George Graham

FRENCH stock exchange officials are pressing ahead with plans to promote a common listing for the most important equities of the European Community, despite the reticence of counterparts in some other EC countries.

"Like any European development, the project is advancing slowly, but no slower than one might have expected," Mr Régis Rousselle, chairman of the French stock exchange, said yesterday. Mr Rousselle, one of the driving forces behind plans to create a common European share listing, will defend his scheme at a bourse conference in Paris next week.

But he is expected to be confronted with disagreements from the West German stock exchanges, which fear that a common European listing might siphon off business from their still largely unmodernised regional markets, and also from the London International Stock Exchange, whose Seaq International dealing system already carries a substantial trading volume in many major European stocks and *presents a potential* competitor for the idea of a European list.

Mr Rousselle insists that his proposals do not imply the creation of a separate market, creaming off the major stocks of each national market.

"The idea is to co-ordinate our working, to have some stocks listed on all 12 EC exchanges, traded 12 times. We are not proposing a 13th market, but a joint listing."

The proposals, which are now being worked on by a European committee, aim to establish a list of 200 to 300 major European stocks meeting some general listing standards, to be traded on each EC bourse according to local dealing practices.

"The most important thing is that European investors should have access to the major European stocks with the rules they know. It would allow, say, a *Danish investor to buy a Euro*pean share with Danish trading practices and Danish rules," Mr Rousselle said.

The proposals under study include no automatic order-switching mechanisms to ensure that prices in the 12 markets do not diverge. Mr Rousselle said that financial intermediaries would be quicker and more effective than the market authorities at working out arbitrage systems.

They do, however, require a common system for broadcasting price and other financial information. Such a system, dubbed Pipe, is now being studied by a working party. The European stock exchanges federation will decide this spring on whether to launch the Pipe project in earnest.

"The technological aspect is important but it is not crucial, because it is not very difficult to develop."

Mr Rousselle also hopes that the joint European listing will include some measures to harmonise settlement practices. If the project is to get off the ground quickly, however, it must accept the current diversity of practices – ranging from five-day paperless settlement in some countries to the UK's paper-based two-week settlement period.

Mr Rousselle hopes that his proposals for a joint European list could get off the ground as early as next year, if the Pipe information system can be in operation by then.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1989	Low 1989
Gold per troy oz.	$404.75	+3.75	$405.75	$416.25	$356.5
Silver Per troy oz	323.50p	-0.50	333.60p	376.15p	313.90p
Aluminium 99.7% (cash)	$1628.5	+1	$2437.5	$2610	$1587
Copper Grade A (cash)	£1531	+17.5	£1907.5	£1982.5	£1474
Lead(cash)	£435	-10.5	£389.5	£487.5	£337
Nickel (cash)	$8087.5	-187.5	$17750	$19350	$7887.5
Zinc (cash)	$1310	+5	$1637.5	$2107.5	$1305
Tin (cash)	$5800	-135	£4205	$10760	$6440
Cocoa Futures (Mar)	£639	+11	£880	£947	£623
Coffee Futures (Mar)	£665	+22	£1270	£1270	£642
Sugar (LDP Raw)	$337.2	+16.2	$254	$381.0	$235.8
Barley Futures (Mar)	£113.3		£111.5	£113.85	£100.95
Wheat Futures (Mar)	£117.4	-0.05	£115.55	£121.65	£104.7
Cotton Outlook A Index	75.00c	-1.85	62.70c	84.95c	61.35c
Wool (64s Super)	573p	-3	655p	710p	573p
Rubber (Spot)	54.00p	-1.00	58.5p	64p	54.00p
Oil (Brent Blend)	$21.95z	+1.725	$17.15	$21.975	$16.125

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. z-Feb.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$18.45-8.60w	+0.45
Brent Blend	$21.90-2.00w	+0.70
W.T.I. (1 pm est)	$23.61-3.64w	+0.72
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$230-232	+2
Gas Oil	$228-229	-8.5
Heavy Fuel Oil	$106-108	-1
Naphtha	$191-193	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$404.75	+9.0
Silver (per troy oz)♣	520c	+7
Platinum (per troy oz)	$432.75	+13.5
Palladium (per troy oz)	$138.70	+2.55
Aluminium (free market)	$1635	-10
Copper (US Producer)	114⅝-118c	+6
Lead (US Producer)	39.5c	
Nickel (free market)	375c	
Tin (Kuala Lumpur market)	17.84r	-0.08
Tin (New York)	312.0c	+3.5
Zinc (US Prime Western)	70¾c	-2½
Cattle (live weight)†	111.67p	-1.24*
Sheep (dead weight)†	208.13p	-3.35*
Pigs (live weight)†	78.08p	-10.1*
London daily sugar (raw)	$337.2t	-2.2
London daily sugar (white)	$400.5t	-0.5
Tate and Lyle export price	*£321.0*	*-3.5*
Barley (English feed)	£117.5	-1.0
Maize (US No. 3 yellow)	£131	
Wheat (US Dark Northern)	£132	
Rubber (spot)♥	54.00p	-0.25
Rubber (Feb)♥	56.50p	-0.25
Rubber (Mar)♥	57.50p	-0.25
Rubber (KL RSS No 1 Jan)	224.0m	
Coconut oil (Philippines)§	$435t	
Palm Oil (Malaysian)§	$270	
Copra (Philippines)§	$290	
Soyabeans (US)	£188t	-1
Cotton "A" Index	75.00c	-1.40
Wooltops (64s Super)	573p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct. x-Dec/Jan. t-Jan/Feb. v-Jan/Mar. w-Feb. z-Jan †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low	
Feb	22.00	21.69	22.10	21.40
Mar	20.72	20.79	20.84	20.50
Apr	20.14	20.30	20.18	20.09
IPE Index	21.57	21.57		

Turnover: 7505 (15024)

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Mar	628	622	628	622
May	639	634	639	633
Jul	651	649	651	649
Sep	666	663	668	665
Dec	689	687	692	689
Mar	708	705	710	707
May	720	718	722	720

Turnover: 2187 (2806) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Jan 5 743.80 (738.75):10 day average for Jan 8 734.85 (734.26)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
Jan	645	633	645	633
Mar	665	651	667	652
May	680	665	680	667
Jul	694	677	692	677
Sep	709	694	708	698
Nov	730	715	725	714
Jan	745	733	740	738

Turnover: 5662 (2584) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Jan 4: Comp. daily 64.60 (63.77). 15 day average 62.53 (62.36)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Mar	314.60	311.00	315.00	309.80
May	314.00	311.40	314.40	309.80
Aug	311.00	307.60	310.00	306.00
Oct	304.60	301.40	304.00	300.20
Dec	300.00		293.00	
Mar	286.80	284.40	287.00	284.00
White	**Close**	**Previous**	**High/Low**	
Mar	400.60	395.00	401.00	393.00
May	400.50	392.50	400.00	393.50
Aug	403.60	397.00	404.50	396.50
Oct	378.60	373.00	378.50	371.00
Dec	362.00	357.50	358.00	
Mar	361.00	358.00	357.00	356.00

Turnover: Raw 2819 (8463) lots of 50 tonnes. White 1234 (1357)

Paris- White (FFr per tonne): Mar 2315, May 2320, Aug 2370, Oct 2220, Dec 2140, Mar 2135.

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Jan	225.50	233.25	233.00	222.75
Feb	205.50	209.50	210.25	203.00
Mar	184.00	187.00	187.75	182.00
Apr	173.50	175.00	176.00	172.00
May	169.50	172.00	171.00	169.50
Jun	175.00	175.00	176.00	

Turnover 12434 (14484)lots of 100 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 7,325 tonne
Cash	1627-30	1644-6		1638-9		
3 months	1626-7	1644-5	1638/1625	1636-7	1627-9	33,712 lots
Copper, Grade A (£ per tonne)						Ring turnover 45,760 tonne
Cash	1530-2	1559-61	1543/1542	1542-3		
3 months	1527-8	1565-6	1540/1524	1539-41	1524-5	65,674 lots
Lead (£ per tonne)						Ring turnover 4,975 tonne
Cash	434-6	438-40	440/439	437-8		
3 months	428-8.5	431-2	434/428	433-5	427-8	9,744 lots
Nickel ($ per tonne)						Ring turnover 370 tonne
Cash	8075-100	8050-100	8100/8025	8000-25		
3 months	7800-50	7800-25	7850/7800	7840-50	7825-60	6,230 lots
Tin ($ per tonne)						Ring turnover 470 tonne
Cash	6790-810	6720-40	6800/6730	6730-40		
3 months	6910-20	6840-50	6950/6880	6840-50	6950-60	5,334 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 15,325 tonne
Cash	1345-50	1325-30	1330	1328-30		
3 months	1295-300	1303-5	1300/1290	1299-300	1290-5	15,170 lots
Zinc ($ per tonne)						Ring turnover 2,150 tonne
Cash	1305-15	1310-20	1310	1310-5		
March 30	1260-70	1280-80		1250-5	1260-70	1,334 lots

LME Closing £/$ rate: SPOT: 1.6375 3 months: 1.6118 6 months: 1.5851 9 months: 1.5645

POTATOES – BFE £/tonne

	Close	Previous	High/Low	
Apr	201.1	199.3	201.0	199.6
May	225.5	224.0	225.0	224.0

Turnover 126 (317) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Feb	139.50		139.50
Apr	139.50	140.00	139.50
Jun	138.00		138.00
Aug	137.00		137.00

Turnover 55 (105) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low	
Jan	1675	1668	1675	1670
Feb	1694	1694	1698	1692
Apr	1695	1694	1700	1695
Jul	1427	1424	1430	1425
Oct	1540	1535		
BFI	1619	1609		

Turnover 359 (444)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low	
Jan	113.85	114.35	114.05	113.85
Mar	117.40	117.95	117.75	117.40
May	121.10	121.45	121.20	121.10
Barley	**Close**	**Previous**	**High/Low**	
Jan	111.60	111.65	111.60	
Mar	113.30	113.65	113.50	
May	115.40	115.40		

Turnover: Wheat 156 (179), Barley 7 (26). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low	
Feb	106.0	105.0	106.0	
Apr	108.0	108.5	107.0	
Jun	107.5	109.0	108.0	107.5
Aug	108.0		108.5	108.0

Turnover 92 (42) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	404½-405	246½-247
Opening	401¾-402¼	246½-247
Morning fix	401.20	245.653
Afternoon fix	405.00	247.404
Day's high	405½-406	
Day's low	400½-401	
Coins	**$ price**	**£ equivalent**
Mapleleaf	414-419	252-255
Britannia	414-419	252-255
US Eagle	414-419	252-255
Angel	414-419	252-255
Krugerrand	403-406	246¾-247¾
New Sov.	95-97	58-59
Old Sov.	95-97	58-59
Noble Plat	498.65-506.55	305.90-310.75
Silver fix	**p/fine oz**	**US cts equiv**
Spot	323.50	526.00
3 months	335.45	538.90
6 months	347.35	549.90
12 months	370.45	571.90

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1550	92	132	14	28
1650	34	44	54	72
1750	8	18	127	141
Copper (Grade A)	**Calls**		**Puts**	
2350	161	154	39	87
2450	101	105	77	136
2550	58	69	133	196
Coffee	**Mar**	**May**	**Mar**	**May**
600	70		5	
650	36	51	21	23
700	12	33	47	55
Cocoa	**Mar**	**May**	**Mar**	**May**
600	41	60	14	22
650	16	34	39	47
700	5	17	78	79
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
2000			42	83
2050			60	
2100	64			

US MARKETS

IN THE METALS, gold, silver and platinum added to Thursday's advances, reports Drexel Burnham Lambert. Gold was the most active market gaining $7.70, basis February. Copper was up after mostly local trade. The softs featured choppy action in the sugar and coffee markets. Cocoa rose on trade and fund buying. The grains ended the week with slow sessions. The livestocks had another limit up move in the pork bellies due to Wednesday's bullish report. Hogs remained strong but no limit move was made. Cattle closed near unchanged after mixed dealings. Cotton sold off from scattered selling early in the day. Orange juice futures rose the limit, reflecting the winter damage. The January contract was up 865 closing at 17965. The energy complex had two-sided trade in the crude oil. Heating oil and gasoline were lower due to liquidation.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	406.3	398.6	406.3	406.3
Feb	408.5	400.8	409.5	402.5
Mar	410.9	403.2	0	0
Apr	413.5	405.8	414.8	407.6
Jun	418.4	410.7	419.4	412.4
Aug	423.0	415.2	422.2	420.4
Oct	427.8	420.0	0	0
Dec	432.8	424.9	431.8	429.5
Feb	437.7	430.0	437.0	436.3

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	491.8	488.7	495.1	491.0
Apr	499.8	494.4	503.5	497.0
Jul	506.8	499.9	509.0	502.0
Oct	515.3	506.4	515.0	513.0
Jan	522.8	512.4	520.0	520.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	531.8	526.8	0	0
Feb	534.4	529.4	534.0	533.0
Mar	538.5	533.5	540.0	527.5
May	546.6	541.5	548.0	535.5
Jul	554.5	549.4	555.0	545.0
Sep	562.7	557.6	559.0	556.0
Dec	574.0	568.9	575.0	566.0
Jan	577.6	572.5	0	0
Mar	585.7	580.7	582.0	582.0
May	593.6	588.6	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jan 5	Jan 4	mnth ago	yr ago
1821.4	1828.3	1809.7	1987.4

DOW JONES (Base: Dec. 31 1974 = 100)	Jan 4	Jan 3	mnth ago	yr ago
Spot	127.73	127.38	127.10	143.84
Futures	130.04	129.73	129.15	146.71

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	110.00	108.85	110.30	108.60
Feb	109.80	108.65	109.90	109.90
Mar	109.50	108.55	110.20	108.70
Apr	108.40	107.35	108.75	108.50
May	107.40	106.35	107.80	106.90
Jun	106.50	105.50	106.30	106.30
Jul	105.70	104.65	106.00	105.49
Aug	104.85	104.00	0	0
Sep	104.00	103.15	0	0
Oct	103.55	102.65	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	23.54	23.41	23.70	23.05
Mar	22.47	22.53	22.68	22.14
Apr	21.91	22.02	22.10	21.64
May	21.47	21.57	21.63	21.23
Jun	21.07	21.15	21.20	20.85
Jul	20.65	20.78	20.85	20.60
Aug	20.50	20.46	20.53	20.30
Sep	20.24	20.20	20.33	19.92

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	7060	7319	7260	7020
Mar	6330	6523	6435	6275
May	5685	5775	5720	5650
Jun	5580	5630	5590	5525
Aug	5590	5635	5690	5570
Sep	5660	5715	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	949	940	952	934
May	945	935	948	931
Jul	958	951	959	947
Sep	976	970	978	974
Dec	1001	992	1004	990
Mar	1018	1010	1013	1013
May	1033	1020	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	81.16	82.48	83.70	80.00
May	82.82	84.31	85.40	81.80
Jul	84.62	86.46	87.00	83.75
Sep	86.80	88.35	88.70	86.80
Dec	89.75	91.18	91.50	89.75
Mar	92.29	93.50	94.25	93.00
May	94.00	95.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	14.16	14.17	14.27	14.02
May	14.09	14.04	14.19	13.96
Jul	13.92	13.80	13.98	13.76
Oct	13.69	13.56	13.72	13.50
Mar	13.06	12.96	13.11	12.90
May	12.98	12.88	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	66.31	67.35	67.74	66.25
May	67.15	67.96	68.15	67.10
Jul	66.90	67.82	67.95	66.80
Oct	64.36	64.50	64.65	64.31
Dec	62.90	63.20	63.55	62.85
Mar	63.62	63.90	63.62	63.62
May	64.70	64.45	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	179.65	171.00	179.90	170.00
Mar	177.60	172.60	177.60	171.80
May	178.35	173.35	178.35	172.20
Jul	178.50	173.50	178.50	173.10
Sep	177.50	172.50	177.50	172.25
Nov	173.50	168.50	173.50	173.50
Jan	167.50	162.50	0	0
Mar	167.50	162.50	0	0
May	167.50	162.50	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	564/4	563/2	566/2	561/2
Mar	577/0	576/4	579/4	574/2
May	590/2	590/2	593/0	588/2
Jul	601/6	602/4	604/4	600/0
Aug	606/2	606/0	608/0	604/0
Sep	608/0	608/2	609/2	607/0
Nov	614/4	615/0	616/4	613/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	18.63	18.50	18.68	18.39
Mar	19.03	18.91	19.11	18.81
May	19.43	19.32	19.49	19.22
Jul	19.73	19.63	19.78	19.54
Aug	19.80	19.70	19.90	19.65
Sep	19.85	19.80	20.00	19.80
Oct	19.94	19.90	20.08	19.90
Dec	20.10	20.15	20.25	20.10

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	178.9	179.2	179.8	178.3
Mar	179.6	179.8	180.3	178.8
May	180.1	180.4	180.6	179.5
Jul	182.1	183.0	182.7	181.7
Aug	183.0	183.6	183.6	183.0
Sep	184.0	184.5	184.6	184.0
Oct	184.0	185.2	185.8	184.0
Dec	186.6	187.3	187.7	186.8

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	237/6	238/2	238/4	237/4
May	244/0	244/2	244/4	243/4
Jul	248/4	249/0	249/2	248/0
Sep	247/4	248/0	248/2	247/0
Dec	247/6	248/2	248/0	248/4
Mar	254/2	256/0	254/2	253/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	409/6	409/2	410/4	407/4
May	388/0	388/0	388/6	386/4
Jul	361/2	360/4	361/4	359/2
Sep	366/4	365/4	367/0	365/0
Dec	377/4	376/4	378/0	377/2

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	76.87	76.95	77.12	76.65
Apr	75.55	75.40	75.87	75.35
Jun	71.92	71.90	72.27	71.90
Aug	71.35	71.42	71.77	71.35
Oct	71.37	71.47	71.80	71.32
Dec	72.30	72.50	72.75	72.30

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	50.97	50.50	51.85	50.90
Apr	48.20	47.22	48.70	48.12
Jun	51.95	50.45	51.95	51.75
Jul	52.20	50.60	52.30	51.95
Aug	50.47	49.22	50.72	50.30
Oct	46.02	45.07	46.55	45.75
Dec	47.45	46.70	47.60	47.10

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	53.47	51.47	53.47	53.47
Mar	53.40	51.40	53.40	53.40
May	53.60	51.60	53.60	53.80
Jul	54.42	52.42	54.42	54.42
Aug	53.30	51.30	53.30	53.30
Feb	54.30	53.20	54.60	54.20

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Weak US jobs data hit dollar

WEAKER THAN expected US employment data weighed on the dollar yesterday, pushing the currency down towards the bottom of the day's range at the end of European trading. Rumours that the Federal Reserve sold dollars against the yen added to the weak tone surrounding the US currency, but dealers generally dismissed the rumours as highly unlikely. Earlier in the day the Bank of Japan sold around $100m to $200m in Tokyo.

There was little overall change, with the dollar trading in a fairly narrow range. News that President Mikhail Gorbachev, of the Soviet Union, is postponing meetings with foreign politicians in January, to concentrate on problems at home, may have encouraged some unwinding of short dollar positions but had little impact.

December US non-farm payrolls rose 142,000. This included the return of 55,000 striking communications workers, and was well below the November gain of 222,000. The market was looking for a rise of about 200,000 and the weak figure led to suggestions that the Fed will soon cut interest rates again. Analysts noted that manufacturing was particularly weak, with jobs in the sector falling 25,000.

At the close in London the dollar had eased to DM1.6810 from DM1.6820; to SFr1.5855 from SFr1.5410; and to FFr5.7400 from FFr5.7450, but had improved to Y143.75 from Y143.30. On Bank of England figures the dollar's index fell to 67.0 from 67.2.

The D-Mark maintained a firm undertone, putting further pressure on the weaker members of the European Monetary System. The Danish krone traded outside its 2.25 per cent cross rate limit against the D-Mark and the Italian lira fell to a record low against the West German currency, in spite of intervention by the Bank of Italy. The lira was more than 4 per cent below its central rate against the D-Mark, but is permitted a wider range of movement than most other EMS members. Mr Helmut Schlesinger, deputy president of the Bundesbank, said he could not predict whether there would be a realignment of the EMS before the middle of the year, but suggested there was no strong tension at present. Nevertheless speculation mounted that a realignment will be required in the near future.

Sterling attracted little attention, but was generally firm. The pound rose 80 points to $1.6380 and gained 1 pfennig to DM2.7525. It also climbed to Y235.50 from Y233.50; to SFr2.5150 from SFr2.5125; and to FFr9.4025 from FFr9.3650. Sterling's index rose 0.3 to 87.0.

Averages for the main trading currencies against the dollar in December were: sterling 1.5953; D-Mark 1.7397; Japanese yen 143.72; Swiss franc 1.5692; and French franc 5.9447.

£ IN NEW YORK

Jan.5	Latest	Previous Close
£ Spot	1.6280-1.6290	1.6355-1.6365
1 month	0.84-0.83pm	0.92-0.91pm
3 months	2.39-2.36pm	2.60-2.58pm
12 months	8.38-8.28pm	8.87-8.77pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Jan.5	Previous
8.30	am	86.8	87.1
9.00	am	87.0	87.2
10.00	am	86.9	87.1
11.00	am	86.9	87.1
Noon		86.9	86.8
1.00	pm	87.0	86.9
2.00	pm	87.0	86.9
3.00	pm	87.0	86.7
4.00	pm	86.7	86.7

CURRENCY RATES

Jan.5	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling #	-	1.22986	1.36156
U.S Dollar	7	1.31036	1.19422
Canadian $	12.46	1.52133	1.38733
Austrian Sch.	6½	15.7689	14.2662
Belgian Franc	10¼	47.0059	42.6128
Danish Krone	10½	8.74796	7.89799
Deutsche Mark	6.00	2.23934	2.02779
Neth. Guilder	7.00	2.52703	2.28980
French Franc	10¼	7.63940	6.92732
Italian Lira	13½	1680.63	1520.84
Japanese Yen	3¾	190.657	172.326
Norway Krone	8	8.68769	7.87589
Spanish Peseta	-	144.645	131.233
Swedish Krona	9½	8.23430	7.41035
Swiss Franc	6.00	2.04351	1.85702
Greek Drach.	20½	208.916	189.439
Irish Punt	-	0.84654	0.769275

Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Jan.4

CURRENCY MOVEMENTS

Jan.5	Bank of England Index	Morgan** Guaranty Changes %
Sterling	87.0	-24.4
U.S Dollar	67.0	-11.2
Canadian Dollar	104.8	+1.9
Austrian Schilling	110.6	+12.9

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6255 - 1.6400	1.6375 - 1.6385	0.93-0.91cpm	6.74	2.59-2.56pm	6.30
Ireland†	1.5515 - 1.5680	1.5650 - 1.5660	0.45-0.40cpm	3.28	1.57-1.27pm	3.39
Canada	1.1585 - 1.1620	1.1590 - 1.1600	0.35-0.39cdis	-3.82	1.03-1.07dis	-3.62
Netherlands	1.8920 - 1.9180	1.8960 - 1.8970	0.06-0.08cdis	-0.44	0.22-0.25dis	-0.49
Belgium	35.15 - 35.70	35.30 - 35.40	5.00-7.00cdis	-2.02	14.90-22.40dis	-2.10
Denmark	6.53¾ - 6.61¾	6.53¾ - 6.54¼	2.06-2.31oredis	-3.98	5.90-6.40dis	-3.73
W. Germany	1.6760 - 1.6990	1.6805 - 1.6815	0.04-0.02pfpm	0.21	0.02-0.05dis	-0.08
Portugal	148.60 - 149.35	148.60 - 148.70	125-175cdis	-12.04	350-500dis	-11.38
Spain	109.00 - 109.90	109.15 - 109.25	64-74cdis	-7.58	195-205dis	-7.32
Italy	1259 - 1273½	1263 - 1263½	5.00-6.00liredis	-5.23	14.00-16.00dis	-4.74
Norway	6.54 - 6.59½	6.54½ - 6.55	2.05-2.30oredis	-3.97	6.20-6.60dis	-3.89
France	5.73 - 5.80½	5.73¾ - 5.74¼	1.40-1.50cdis	-3.01	4.70-4.80dis	-3.29
Sweden	6.17 - 6.21	6.17¾ - 6.18¼	1.92-2.07oredis	-3.86	6.35-6.70dis	-4.21
Japan	143.65 - 144.60	143.70 - 143.80	0.23-0.20ypm	1.79	0.53-0.50pm	1.43
Austria	11.84¼ - 11.94¼	11.93¼ - 11.94¼	2.40-3.60grodis	-3.03	2.70-5.10dis	-1.31
Switzerland	1.5320 - 1.5560	1.5350 - 1.5360	0.18-0.23cdis	-1.59	0.36-0.41dis	-1.00
ECU	1.1900 - 1.2050	1.2035 - 1.2045	0.29-0.27cpm	2.79	0.91-0.88pm	2.97

Commercial rates taken towards the end of London trading.† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.45-35.55.

POUND SPOT- FORWARD AGAINST THE POUND

Jan.5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6255 - 1.6400	1.6375 - 1.6385	0.93-0.91cpm	6.74	2.59-2.56pm	6.30
Canada	1.8930 - 1.9010	1.8980 - 1.8990	0.51-0.42cpm	3.72	1.35-1.24pm	3.46
Netherlands	3.10¼ - 3.11¾	3.10¼ - 3.11¼	1¾-1⅝cpm	6.52	4⅝-4½pm	5.79
Belgium	57.75 - 58.10	57.85 - 57.95	25-20cpm	4.66	68-54pm	4.21
Denmark	10.70½ - 10.75	10.70¼ - 10.71¼	2⅝-2⅜orepm	2.80	7¼-6⅝pm	2.57
Ireland	1.0430 - 1.0525	1.0430 - 1.0440	0.35-0.30cpm	3.74	0.85-0.75pm	3.07
W. Germany	2.74½ - 2.76¼	2.75 - 2.75½	1⅝-1½pfpm	6.81	4⅜-4¼pm	6.45
Portugal	242.40 - 244.45	243.45 - 244.45	62-145cdis	-5.09	195-518dis	-5.85
Spain	177.95 - 178.65	178.10 - 178.40	31-41cdis	-2.42	29-47dis	-0.85
Italy	2066 - 2072½	2068¼ - 2069¼	4-3lirepm	2.03	10-8pm	1.74
Norway	10.70¼ - 10.75	10.72 - 10.73	2¾-2½orepm	2.87	6⅞-6⅜pm	2.47
France	9.39¾ - 9.43	9.39¾ - 9.40¾	3-2⅝cpm	3.75	7¾-7pm	3.06
Sweden	10.07½ - 10.13	10.11¾ - 10.12¾	2⅝-2¼orepm	2.82	5⅜-4⅞pm	2.03
Japan	235 - 236	235 - 236	1¾-1⅝ypm	8.60	4⅝-4½pm	7.75
Austria	19.34 - 19.40	19.34 - 19.37	7½-5¾gropm	4.15	27¾-22½pm	5.17
Switzerland	2.51 - 2.52½	2.51 - 2.52	1¼-1cpm	5.07	3¾-3½pm	5.27
ECU	1.3590 - 1.3615	1.3590 - 1.3600	0.45-0.42cpm	3.84	1.16-1.11pm	3.34

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 58.10-58.20 Six-month forward dollar 4.97-4.92cpm 12 months 8.95-8.85cpm

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan.5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.6128	+0.36	+0.36	±1.5568
Danish Krone	7.85212	7.89799	+0.58	+0.58	±1.6453
German D-Mark	2.05853	2.02779	-1.49	-1.49	±1.1762
French Franc	6.90403	6.92732	+0.34	+0.34	±1.3618
Dutch Guilder	2.31943	2.28980	-1.28	-1.28	±1.5272
Irish Punt	0.768411	0.769275	+0.11	+0.11	±1.6689
Italian Lira	1483.58	1520.84	+2.51	+2.51	±4.0410
Spanish Peseta	133.804	131.233	-1.92	-1.92	±4.2705

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

EXCHANGE CROSS RATES

FORWARD RATES AGAINST STERLING

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

MONEY MARKETS

Holding steady

THREE-MONTH interbank was unchanged at 15¼-15⅛ per cent in London. The Bank of England forecast a money market shortage of £950m,

UK clearing bank base lending rate 15 per cent from October 5

and gave assistance of £740m.

In early help the authorities bought outright £1m Treasury bills and £184m bank bills in band 2 at 14⅞ per cent. Another £196m were purchased, for resale on January 22, at 14⅞-14$\frac{29}{32}$ per cent.

Before lunch a further £2m Treasury bills and £172m bank bills in band 2 at 14⅞ per cent were bought.

In the afternoon £135m bills were purchased outright, through £7m bank bills in band 1 at 14⅞ per cent, plus £46m Treasury bills and £82m bank bills in band 2 at 14⅞ per cent. Late assistance of £50m was also provided.

Maturing bills, repayment of assistance and a take-up of Treasury bills drained £258m, with Exchequer transactions absorbing £850m, and a rise in the note circulation £450m. These outweighed bank balances above target of £105m.

FINANCIAL FUTURES AND OPTIONS

FT GUIDE TO WORLD CURRENCIES
Every Tuesday in the FT

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.6456	0.6485	0.6435	0.6495
Jun	0.6446	0.6450	0.6425	0.6483
Sep	0.6422	0.6435	0.6420	0.6474
Dec	-	-	-	0.6469

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Mar	358.50	359.30	358.40	359.85
Jun	363.00	363.30	362.60	364.10
Sep	-	368.65	366.80	368.60

LONDON TRADED OPTIONS

THE TRADED options market was again dominated by stock option dealing, as the FT-SE 100 index option, which usually accounts for 25 per cent of turnover, languished. Analysts said institutions had been buyers of high yielding stocks, such as Cadbury Schweppes, but were reluctant to commit themselves to a view of the broader market. The run-up by FT-SE index at the start of the week, followed by the last two day's losses, had made institutions cautious of the market, dealers said.

Total market turnover yesterday amounted to 37,101 contracts, compared with 48,085 on Thursday. The institutions' optimism on selected stocks was reflected in the division of the total, which was made up of 24,676 calls and 12,425 puts. Analysts said trading during the past week had been weighted towards call buying, as investors hoped that share prices would rise. The predominance of calls over puts in the options market yesterday mirrored the stock market, where buyers were more in evidence than sellers.

The most actively traded option was the FT-SE, which turned over just 4,318 contracts, compared with 4,859 on Thursday. The total was made up of 1,570 calls and 2,748 puts. Trades were mainly small-scale, which reflected investors reluctance to take a strong view on the equity market's future direction. The futures market also appeared to be unsure of the stock market's next move. The premium of the March FT-SE 100 over the cash index narrowed to 36 points, from 45 earlier in the week, reflecting the futures market's belief that further major gains on the stock market would appear unlikely.

Rolls Royce was the busiest stock option, with the larger trades concentrated on call and put selling against existing stock holdings. Selling focused on the March 200 and June 180 puts, and the March and June 200 calls. Analysts said the trades were moderately bullish but assumed Rolls Royce shares would stick in a range of 180 to 220p. Rolls Royce finished at 192p, down 2. Rolls Royce traded 4,258 options, of which 2,513 were calls and 1,745 were puts.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons (*504)	460	48	72	77	1½	7	14
	500	17	41	50	9	20	28
	550	2	18	-	48	50	-
ASDA (*118)	110	12	17	23	2½	6	7½
	120	6	12½	19	8	11	13
Brit. Airways (*231)	200	33	41	43	1	2½	6
	220	15	28	31	2½	9	13
	240	4	15	19	12	17	22
Brit Com (*96)	90	11	20	22	5	7	10
	100	5	11	17	8	10	18
SmKl Beecham A	550	-	95	110	-	5	10

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Trafalgar (*374)	360	-	45	52	-	16	28
	377	13	-	-	14	-	-
Utd. Biscuits (*363)	360	13	29	37	7	17	20
	390	3	15	23	30	35	38
Unilever (*718)	700	28½	54½	76¼	5¼	20¼	26¼
	750	5¼	27	50½	35½	45	51¼
Ultramar (*375)	360	25	37	52	5	13	18
	390	8	20	25	22	30	33

Option		Feb	May	Aug	Feb	May	Aug
Brit Aero (*580)	500	95	103	117	3	13	20
	550	55	68	87	12	27	35

Option		Calls Jan	Calls Mar	Calls May	Puts Jan	Puts Mar	Puts May
Thames Water (*159)	140	21	24	28	¼	2½	4½
	160	5	11½	16	5	7	10
	180	1½	4½	7½	21	22	23
Water Hldg Pkg (*1598)	1550	70	110	150	30	50	60
	1600	40	90	125	50	70	75
	1650	25	70	105	85	95	100

Option		Feb	Apr	Jun	Feb	Apr	Jun
Reuters (*1037)	1000	75	102	128	21	36½	44
	1050	44½	74½	99	43¼	58¼	66

Option		Mar	Jun	Sep	Mar	Jun	Sep
Amstrad (*52)	50	8	12	15	6	8½	9½
	60	4	8	-	13	13	-

WORLD STOCK MARKETS

US MARKETS (3pm)

CANADA (3pm)

JAPAN

INDICES

NEW YORK

DOW JONES	Jan 4	Jan 3	Jan 2	Dec 29	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2796.08	2809.73	2810.15	2753.20	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	93.01	93.04	92.98	92.94	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1187.77	1191.50	1201.10	1177.81	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	230.76	234.15	236.23	235.04	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2821.46 (2834.04) Low 2766.42 (2786.26)

STANDARD AND POOR'S

	Jan 4	Jan 3	Jan 2	Dec 29	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	355.66	358.76	359.69	353.40	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	407.59	410.40	411.20	403.38	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	31.67	31.87	31.81	31.30	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	196.29	197.80	198.00	195.01	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	382.16	382.42	381.53	378.00	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	459.39	460.90	459.33	454.82	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Dec 29	Dec 15	Dec 8	year ago (approx.)
Dow Industrial Div. Yield	3.87	3.89	3.90	3.70
	Jan 3	Dec 27	Dec 20	year ago (approx.)
S & P Industrial div. yield	2.86	2.95	2.90	3.17
S & P Indl. P/E ratio	15.19	14.74	14.51	13.00

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Hanson plc	9,097,500	19⅛	+ ⅛
Philip Morris	3,353,200	41⅞	− 1½
IBM	2,418,200	100	+ 1⅛
Security Pac	2,003,700	39⅝	+ ¼
Am T&T	2,000,600	45⅞	− ⅝
Fannie Mae	1,907,000	36	− ¼
Chrysler	1,725,400	19⅝	− ⅛
Union Carbide	1,660,100	23⅞	− ½
Exxon	1,503,300	49	− ½
Gen Electric	1,493,400	66⅛	− ⅜

TRADING ACTIVITY

† Volume (Millions)	Jan 4	Jan 3	Jan 2
New York	177.000	192.330	162.070
Amex	12.868	14.326	11.394
NASDAQ	147.950	152.664	110.716
Issues Traded	1,971	1,999	1,991
Rises	638	877	1,253
Falls	915	727	403
Unchanged	418	395	335
New Highs	54	116	113
New Lows	13	7	5

CANADA

TORONTO	Jan 4	Jan 3	Jan 2	Dec 29	1989/90 HIGH	1989/90 LOW
Metals & Minerals	3453.05	3452.90	3427.33	3354.18	3919.2 (1/9/89)	3207.5 (3/1/89)
Composite	4000.91	4009.47	4004.37	3969.79	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	2049.41	2060.90	2054.14	2030.83	2069.68 (10/10/89)	1677.48 (3/1/89)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan. 5	Jan. 4	Jan. 3	Jan. 2	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1710.8	1706.8	1686.2	1654.7	1781.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	860.8	856.2	852.3	838.8	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	542.67	551.50	556.54	526.59	556.54 (3/1/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	6572.50	6596.35	6560.06	6490.06	6805.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	362.21	362.14	360.33	358.77	363.22 (29/12/89)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	605.3	598.5	596.4	590.5	815.8 (18/4/89)	580.8 (23/11/89)
FRANCE						
CAC General (31/12/82)	554.7	558.2	(u)	553.0	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	1994.36	2006.42	1979.89	-	-	-
GERMANY						
FAZ Aktien (31/12/58)	755.91	761.97	774.96	746.24	774.96 (3/1/90)	535.78 (27/2/89)
Commerzbank (1/12/53)	2231.2	2251.1	2291.3	2203.6	2291.3 (3/1/90)	1595.7 (27/2/89)
DAX (30/12/87)	1820.00	1835.88	1869.66	1814.38	1869.66 (3/1/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2839.94	2867.95	2858.72	2838.87	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1855.95	1855.96	1845.35	1792.47	1855.96 (4/1/90)	1360.64 (10/1/89)
ITALY						
Banca Com. Ital. (1972)	701.12	700.24	(u)	(u)	734.84 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	38274.76	38712.88	(c)	(c)	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	2834.61	2867.70	(c)	(c)	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	3939.21	3949.88	(c)	(c)	3949.88 (4/1/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite	582.58	586.06	582.68	571.88	-	-
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	262.2	265.8	269.0	265.7	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	201.1	203.9	206.3	203.9	210.5 (8/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	731.16	735.35	724.69	701.67	735.35 (4/1/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1124.19	1119.33	1109.74	1115.45	1396.26 (20/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore	426.17	427.74	421.69	417.07	-	-
SOUTH AFRICA						
JSE Gold (28/9/78)	2095.0	2019.0	2017.0	2028.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	2894.0	2853.0	2607.0	2795.0	2894.0 (5/1/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	915.11	928.82	908.59	(c)	1007.80 (3/4/89)	844.75 (11/12/89)
SPAIN						
Madrid SE (30/12/85)	299.21	302.85	301.43	297.55	328.93 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Jacobson & P. (31/12/56)	4449.5	4364.4	4290.9	4248.7	4660.3 (16/8/89)	3333.9 (3/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	775.6	783.1	782.5	(c)	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	9862.42	9853.15	(c)	(c)	10773.11 (25/9/89)	4873.01 (3/1/89)
THAILAND						
Bangkok SET (30/4/75)	918.67	902.07	897.34	899.61	918.67 (5/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	571.0	569.1	569.0	571.0 (4/1/90)	487.6 (13/6/89)

**Saturday Dec. 30: Taiwan Weighted Price: (c) Korea Comp Ex. (c)

‡ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

AMERICA

Volatile equities reflect international uncertainty

Wall Street

TRADING was volatile on Wall Street yesterday morning and early afternoon as US investors reacted to the steep overnight falls in Tokyo and other Far Eastern stock markets, *writes Anatole Kaletsky in New York.*

The market fell sharply in the first hour of trading, echoing Tokyo's distress at rumours about unrest in the Soviet Union and even the possible assassination of President Mikhail Gorbachev. After a brief initial bout of selling, prices recovered, but then fell again just after lunch so that by 2.15 pm the Dow Jones Industrial Average was 13.86 points down at 2,782.21. On Thursday the Dow fell by 13.65 points.

Volume was moderate with 120m shares changing hands by 2.15 pm, when declining shares outnumbered gains by about four to three.

The bond market showed little response to the eagerly-awaited December employment figures. Although the payroll employment growth of 142,000 was much lower than expected, analysts dismissed the significance of this aggregate figure. Most of the difference between the latest figure and the 222,000 gain recorded in November could be explained by a severe decline in construction jobs, attributable to exceptionally cold weather.

Job growth in the service sector remained unchanged, while manufacturing continued to lose jobs at a rate of around 25,000 a month.

At lunchtime, the Treasury's benchmark long bond was trading ⅛ down at 100⅝, a price at which it yielded 8.05 per cent. The dollar was comparatively steady throughout the morning, in spite of reported intervention by the Federal Reserve, which sold dollars for yen when the US unit was at Y143.90. Thus foreign exchange movements had no impact on the stock or bond markets.

The blue chip stocks maintained the pattern established in the last week, with selected technology issues showing gains relative to the rest of the market. IBM advanced another $1⅛ to $101⅛ and Digital Equipment gained $1 to $87¼. Several other technology stocks showed smaller gains.

Most of the non-cyclical consumer stocks were little changed, but Procter & Gamble fell $⅝ to $68⅝. Gold stocks did well in a response to the renewed concern about unrest in Eastern Europe. Homestake Mining rose $¾ to $20 and Battle Mountain advanced $⅛ to $17. Germany Fund fell sharply by $1⅝ to $18⅝ for the same reason.

Oils, on the other hand were mostly down slightly. Chevron fell $¼ to $66⅞ and Baker Hughes declined $¼ to $24⅝.

The only special situation of note was AST Research, which jumped $2⅞ to $14, having announced after the markets closed on Thursday that it would post a net profit of $7m in the December quarter, after a loss of $8.9m the year before.

Canada

A FALL in Canadian banking stocks held advances in check at midsession on the Toronto exchange.

The composite index rose 7.2 points to 4,008.1 on volume of 16.1m shares. Advances led declines 237 to 219.

The National Bank of Canada fell C$⅛ to C$11⅞ on volume of 1.2m shares. The bank took control of about 23 per cent of Mr Robert Campeau's holding in Campeau Corp after he defaulted on loans. Campeau lost 10 cents to C$3.35.

Balancing act on the fringes of the world

Stephen Fidler examines growing institutional investment in emerging markets

EXPECTATIONS are growing that the world's so-called emerging stock markets will take an increasing share of investor funds over the next decade. The reasoning behind this was outlined recently by Mr David Gill, a trustee of Batterymarch Financial Management, the Boston-based fund manager.

Mr Gill is a long way from being a disinterested observer. Batterymarch specialises in equities: its founder and owner, Mr David Lebaron, once described bonds as "the invention of the devil." With about $10bn under management, all in shares, it is the sponsor of a number of funds investing in emerging stock markets.

The expectation that funds will be shifted to emerging markets – those with limited breadth and depth in countries where infrastructure is inadequate – is based on the belief that investors will be able not only to increase returns, but also to reduce risk.

Pension funds in the US are becoming increasingly interested in diversifying further into emerging markets. One US pension fund consultant has estimated that 1 per cent of US pension fund portfolios, or $15bn, could be invested in these markets in five years' time. If other US investors were to increase their commitments proportionately, the amount would approach $40bn.

Japan, the world's largest equity market, is becoming a source of equity funds. In five years, Japanese investment in these markets has risen from about $200m to billions of dollars. If current trends continue, Japan's new pension fund investments in emerging markets could have grown to $10bn in five years' time.

Country funds and similar regional or global funds, which allow investors indirectly to buy stocks in emerging markets, are also growing. About 120 such funds have about $7bn under management, compared with a handful investing only $400m five years ago. Most of this has gone to countries at least partly closed to foreign investors. Countries such as Malaysia, which are open to foreign investors, have attracted significant sums, which Mr Gill estimates at another $3bn to $4bn.

He says most large investment institutions are practical, unconcerned with the short run and happy to end up with a return of one to two percentage points over the market average in the long run.

"Global investors see the gap between the emerging markets' share of the global equity market (about 4 per cent) and the same countries' share of global gross national product (about 12 per cent). They note higher growth rates of GNP and company profits in developing countries and the generally lower valuations in terms of price/earnings and other ratios of their stocks compared to the situation in the mature economies," he says.

Because emerging markets are often not much affected by moves in the larger markets, he adds, they can help to insulate investors from sharp downward moves there.

If they were to apply the market capitalisation-indexed approach to country diversification, he says, at least 4 per cent of their portfolios could be in emerging markets, not just 1 per cent.

Investors are cautious, however, looking for political stability, steady economic growth, strong national institutions, sound legal systems which effectively protect investors, and tax structures which do not penalise foreigners.

Most prefer large, well-capitalised companies whose earnings records demonstrate growth and relative immunity to adverse foreign exchange movements, and whose shares are easily tradeable in significant size. He estimates that only about 400 such companies are quoted on all of the emerging markets. Hence, country funds have become popular by allowing investors indirectly to buy less tradeable second- and third-tier stocks.

On the other hand, he also notes a growing minority of big investors becoming less concerned with liquidity and "more willing to recognise that deficiencies in the country circumstances can be looked upon as an opportunity rather than a problem."

What does this all add up to? The potential flow of new equity from all capital exporting countries into the emerging markets could total $100m within five years, he says. This compares with a current capitalisation of some $500bn.

The signs are that, in many developing countries, objections to foreign investment, particularly those based on nationalism or anti-colonialism, are weakening. The case for foreign equity investment as a source of stable long-term capital is strong since most banks consider themselves overextended in developing countries.

Mr Gill compares the experiences of Mexico and Malaysia, which have differing populations but a similar income per head of population. The ratio of Malaysia's market capitalisation to gross national product is six times that of Mexico.

Malaysia has always welcomed foreign investment and encouraged domestic savings in local equities. Malaysian stocks sell at almost 25 times earnings while Mexico's sell at around seven times earnings.

"It was no coincidence," he concludes, "that Malaysia did not have a problem with foreign debt, despite the fact that in most other ways it suffered as much from Mexico from worsening terms of trade since the early 1980s."

ASIA PACIFIC

Soviet worries trigger Nikkei fall

Tokyo

REPORTS that Soviet President Mikhail Gorbachev had cancelled all foreign diplomatic meetings raised fears of political instability in the Soviet Union and triggered a broad sell-off on the Tokyo market which took share prices sharply lower, *writes Michiyo Nakamoto in Tokyo.*

Turnover, however, was a moderate 757m shares compared with a half-day's volume of 472m on Thursday, indicating that share prices fell mostly on small-lot selling and a lack of buyers.

The Nikkei average climbed early in the day as the yen rebounded against the dollar, but the later Soviet news spread a mood of caution. With the futures market on a downtrend, index-linked selling added to the gloom, in contrast to the end of last year when arbitrage buying often shored up prices.

After plunging almost 600 points to a low of 38,090.51, the Nikkei ended down 438.12 at 38,274.76. The day's high was at 38,786.62. Declines led advances by 692 to 264 with 162 issues unchanged. The Topix index of all listed shares dropped 33.09 points to 2,834.61. However, the ISE/Nikkei 50 index in London rose 3 points to 2,128.10.

Institutional investors had already been in a selling mood. According to Mr Masami Okuma at UBS Phillips & Drew, their tendency is to sell at the beginning of the month, take their profits and buy with those profits if prices look to be rising thereafter.

But the news about President Gorbachev turned investors away from companies which had been bought on hopes that trade with communist countries would boost their business.

Mr Okuma said the downtrend was also quite unexpected, as investors had generally been looking for a profitable January. Dealers had been publicising the fact that, since 1985, the average gain in equities invested for 25 days from the first day of trading in the year had been 3.1 per cent.

Sanyo Electric, chased in part on the strength of its plans to manufacture refrigerators and compressors jointly with the Soviet Union, topped the volumes list with 40.9m shares and lost Y30 to Y1,030. Toyo Menka, the trading house which had also been bought on prospects of Soviet trade, fell Y40 to Y1,110. It was second in volume with 29.5m shares. Marubeni shed Y60 to Y1,110.

However, some high-tech issues that had been bought earlier in the day on the strength of the dollar escaped the selling spree and closed higher. Honda and Nikon both ended up Y20 at Y1,870 and Y1,540 respectively.

Concern over the Soviet situation led to selling in special situation stocks in Osaka. The OSE average fell 523.31 to 38,880.52. Volume was very thin at 58.5m shares, compared with half-day volume of 47.3m on Thursday.

Roundup

MOST markets in the region were affected by events in Tokyo, but Australia stayed on the winning track.

AUSTRALIA held on to its gains as the All Ordinaries index closed 4.0 higher at 1,710.8 for a 3.7 per cent rise on the week. Turnover jumped to an unusually heavy 109m shares worth A$345m, sustained by continued foreign buying, from the 102m and A$277m of Thursday.

The debt-burdened Bond Corp and its Bell Resources associate remained suspended but FAI Insurances, which has made large loans to Bond, dropped 12 cents to A$2.68.

NEW ZEALAND fell prey to profit-taking, as the Barclays index shed 19.14 to 2,062.42, in light volume of 5.4m shares worth NZ$10.4m, down from 8.7m shares worth NZ$19.8m. However, the index was still up a net 2.4 per cent on the week.

HONG KONG was unnerved by the sharp fall in Tokyo, and the Hang Seng index shed 28.01 to 2,839.94, with investors showing little reluctance to sell. The index closed the week barely higher, as yesterday's fall almost wiped out the gains of the previous two days.

The setback came in the final hour of trading after a characterless session. Turnover rose to HK$667m from Thursday's HK$546m.

SINGAPORE gave way to the profit-takers, who became more active after the fall in Japan. But the weakness proved short-lived, with later buying leaving the Straits Times industrial index only 2.70 down at 1,531.47. This gave a week's gain of 3.4 per cent.

Volume remained very busy at 194m shares worth S$403m, after 183m and S$313m, with institutions active alongside the retail investors.

SEOUL fell in heavy trading, on profit-taking and reaction to the drop in Tokyo. The composite index, down 13.71 at 915.11 on the day in heavy volume of 22.2m shares and 476bn won, closed 0.6 per cent higher on the week.

INDONESIA rose smartly as the new year brought a fresh inflow of capital. The local index in Jakarta gained 6.88 to 406.49, a rise of 1.7 per cent, and turnover climbed to 1.03m shares, from 879,000 the previous day.

SOUTH AFRICA

THE revival in the bullion price and institutional demand for blue chips pushed the all-gold index up 76 to 2,095. Randfonstein rose R2.25 to R34, while Vaal Reefs gained R14.50 to R408.

EUROPE

Traders take opportunity to extend the correction

LEADING markets latched on to the news that President Gorbachev was to concentrate on domestic affairs for the time being, although some observers saw this as an excuse for profit-taking, and a correction, *writes Our Markets Staff.*

PARIS fell back after its strong rise on Thursday, reflecting both the jitters in Japan and West Germany and renewed concern over the rise in money market rates.

The CAC 40 index, which hit a record in volume of FFr3.4bn on Thursday, ended 12.06 lower at 1,994.36, but only marginally down on the week. Volume was estimated to be FFr3bn.

Japanese investors had been *showing an inclination towards France, after being active in Germany recently,* said one analyst. "But the worries over Gorbachev going may short-circuit their tendency to go into France at the moment," he added.

Paribas was active and strong again, rising FFr11 to FFr714 to give a two-day gain of 4 per cent. On Thursday, the bank decided to take its stake in Navigation Mixte to 40 per cent. There has been speculation that Mixte, which is now thought to hold 12 per cent of Paribas, would be buying, although one observer thought this week's activity was more likely to be coming from allies of the Paribas camp.

FRANKFURT reacted to the Soviet news with an early drop of 31.51 in the DAX index, but recovered to close 15.88 down at 1,820.00 for a rise of 1.7 per cent on the week. The FAZ index, at 755.91, was down 6.04 on the day and up 2 per cent on the week.

Japanese investors, given credit for the Christmas rally, were duly blamed for the setback; but some blue chips rose while the others fell, volume declined only marginally from DM10.9bn to DM10bn, and the whole scenario suggested a correction, and some selective buying.

Thus while Siemens and Deutsche Bank fell another DM12.50 and DM12, to DM730 and DM827 respectively, Daimler, and the insurer Allianz actually gained DM7 and DM50 to DM823 and DM2,580.

AMSTERDAM dropped back again in modest trading worth Fl 681m, depressed by high short-term interest rates, the weakness of the dollar, and the setback on other markets. The CBS tendency index closed 1.6 lower at 117.2, and the CBS general index was off 2.8 at 201.1, or 0.8 per cent lower this week.

The main feature was Hoogovens, the steel stock, which plunged Fl 6.20 to Fl 80.50 on disappointment over its forecast of a weaker first half year. *Daf, the truck maker, was down Fl 1.20 at Fl 40, amid con*cern that its market would shrink further this year.

BRUSSELS reflected the sombre mood over the Soviet Union. The cash market index lost 23.85 in quiet trading to close at 6,572.50, 1.5 per cent higher on the week.

The retail group, Delhaize rose BFr10 to BFr5,870 on a 35 per cent estimated rise in 1989 profits. But the Hoogovens warning depressed local counterparts, Arbed losing BFr160 to BFr5,440, Clabecq BFr170 to BFr4,270 and Cockerill BFr4 to BFr200.

MILAN saw moderately active trading as the Comit index rose 0.88 to 701.12 for a 2 per cent rise on the week. London analysts, meanwhile, were musing about the monthly unit trust figures which show cash holdings up from 5.8 per cent of funds last September to 8 per cent in December.

This could represent a strategic stockpile of cash which could go into the securities market; or a cushion against the wave of net redemptions which have bedevilled the Italian mutual fund industry in recent years.

MADRID fell back below 300 on the general index, closing 3.64 lower at 299.21, but giving a net gain of 0.8 per cent on the week. The technical analysts at James Capel said on Thursday there was a risk that the index would fall to around 280, with considerable upward resistance at 300 and 310. But the worst was over and in the longer term the index was likely to move up sharply, they added.

ZURICH fell in light trading, the Crédit Suisse index closing 6.1 lower at 625.3, up 1 per cent over the week. The Swiss National Bank fixed its Lombard rate at a record high of 12¼ per cent, up from 12 per cent on Thursday.

OSLO eased on profit-taking after its record-breaking week. In heavy volume worth NKr615m, the all-share index fell 2.29 to 562.59, a gain on the week of 6.6 per cent.

Against the trend, Elkem continued its upward path, gaining NKr4.5 to NKr242.5. The other week's winners mostly fell, Norsk Hydro losing NKr2.5 to NKr173.5, and Saga Petroleum NKr1 to NKr70.

HELSINKI moved slightly higher in moderate volume. The Unitas all-share index closed 6.8 ahead at 605.3, a fall of 0.7 per cent on the week. Total volume was FM86.9m of which free shares accounted for FM39.9m.

The most traded shares were Union Bank of Finland's free C series which closed FM0.80 higher at FM30. Nokia preferred free shares rose FM2.50 to FM93.50.

STOCKHOLM saw active trading in a session shortened for the Epiphany holiday, with prices closing generally ahead. The Affärsvärlden General index gained 14.4 to 1,287.00, a 2 per cent rise over the week.

Correction

In yesterday's Europe report, the price of Eurotunnel in Paris was incorrectly given as FFr56.50 due to a mistake in the bourse computer information supplied to Reuters. The price should have been FFr67.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JANUARY 4 1990						WEDNESDAY JANUARY 3 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (64)	155.88	+1.4	141.78	132.24	+1.4	5.16	153.71	141.55	130.46	160.41	128.26	145.83
Austria (19)	209.94	+1.9	190.96	183.82	+0.2	1.32	205.96	189.66	183.53	209.94	92.84	96.11
Belgium (63)	158.20	+1.9	143.89	138.69	+0.3	4.01	155.27	142.98	138.23	158.20	125.58	132.55
Canada (120)	153.17	−0.3	139.32	128.77	−0.3	3.11	153.61	141.46	129.20	154.17	124.67	127.32
Denmark (36)	242.98	+2.7	221.01	217.29	+1.0	1.45	236.69	217.96	215.13	242.98	165.35	161.60
Finland (26)	132.25	+1.4	120.29	111.97	+0.2	2.49	130.39	120.07	111.70	159.16	118.63	127.65
France (125)	157.97	+3.5	143.69	142.36	+1.2	2.64	152.64	140.56	140.73	157.97	112.57	117.32
West Germany (96)	127.74	+0.7	116.19	111.71	−1.5	1.88	126.85	116.81	113.46	127.74	79.56	89.80
Hong Kong (48)	118.44	+0.2	107.73	118.82	+0.2	4.80	118.17	108.82	118.54	140.33	86.41	115.04
Ireland (17)	193.42	+2.7	175.93	174.71	+1.0	2.49	188.35	173.44	173.06	193.42	125.00	128.77
Italy (96)	100.48	+3.1	91.39	94.85	+1.0	2.41	97.44	89.73	93.88	100.48	74.97	85.85
Japan (455)	197.26	+1.2	179.42	178.68	−0.4	0.45	194.89	179.47	179.43	200.11	164.22	191.36
Malaysia (36)	235.69	+0.3	214.38	245.40	+0.2	2.18	234.94	216.35	244.98	235.69	143.35	143.87
Mexico (13)	330.46	+1.8	300.58	970.11	+1.6	0.53	324.53	298.85	954.48	330.46	153.32	159.10
Netherland (43)	145.66	+1.0	132.49	126.32	−1.2	4.22	144.19	132.78	127.83	145.66	110.63	113.20
New Zealand (18)	75.28	−0.1	68.47	66.95	−0.6	5.26	75.36	69.39	67.32	88.18	62.64	68.61
Norway (24)	212.76	+1.9	193.52	190.02	+0.9	1.44	208.79	192.27	188.38	212.76	139.92	146.86
Singapore (26)	187.00	+2.6	170.09	163.60	+2.1	1.78	182.27	167.85	160.22	187.00	124.57	125.47
South Africa (60)	197.35	−1.0	179.51	154.34	+1.1	3.66	199.36	183.59	152.63	199.36	115.35	117.40
Spain (43)	165.19	+1.1	150.25	136.97	−0.2	3.85	163.33	150.41	137.28	169.75	143.14	146.68
Sweden (35)	197.84	+3.4	179.95	181.30	+2.3	1.89	191.37	176.22	177.27	197.84	138.45	143.59
Switzerland (62)	96.98	+2.5	88.21	92.65	+0.1	1.93	94.58	87.09	92.53	96.98	67.81	79.07
United Kingdom (307)	162.84	+0.9	148.12	148.12	−0.3	4.24	161.32	148.56	148.56	162.84	133.28	135.01
USA (542)	144.01	−0.7	130.99	144.01	−0.7	3.25	145.08	133.60	145.08	146.29	112.13	113.99
Europe (992)	145.87	+1.6	132.68	130.59	−0.2	3.25	143.62	132.25	130.82	145.87	112.63	115.19
Nordic (121)	191.26	+2.9	173.97	166.14	+1.5	1.71	185.99	171.27	163.65	191.26	137.95	142.59
Pacific Basin (667)	192.75	+1.2	175.32	174.59	−0.3	0.69	190.45	175.38	175.19	194.72	160.44	186.35
Euro – Pacific (1659)	174.18	+1.3	158.42	157.04	−0.3	1.56	171.89	158.29	157.48	174.18	141.56	157.86
North America (662)	144.46	−0.7	131.39	143.04	−0.7	3.24	145.49	133.98	144.07	146.66	112.79	114.70
Europe Ex. UK (585)	134.17	+2.0	122.03	119.87	−0.1	2.59	131.54	121.13	119.98	134.17	96.30	102.52
Pacific Ex. Japan (212)	138.62	+1.0	126.08	123.71	+1.0	4.67	137.19	126.33	122.54	140.05	111.93	126.42
World Ex. US (1852)	173.77	+1.3	158.05	156.30	−0.3	1.63	171.61	158.03	156.72	173.77	141.49	156.40
World Ex. UK (2087)	162.00	+0.6	147.35	152.62	−0.4	1.93	161.04	148.30	153.17	162.00	136.98	140.82
World Ex. So. Af. (2334)	161.84	+0.6	147.20	152.06	−0.4	2.12	160.81	148.08	152.71	161.84	136.67	140.25
World Ex. Japan (1939)	145.52	+0.2	132.36	138.42	−0.4	3.31	145.19	133.70	139.00	145.52	114.51	115.44
The World Index (2394)	162.05	+0.6	147.40	152.06	−0.4	2.14	161.04	148.30	152.70	162.05	136.68	140.11

Latest prices were unavailable for this edition.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange *Official List* and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. Φ Bargains done the previous day.

British Funds, etc

No. of bargains included 1951

Treasury 9% Ln 2006 B - £94½ (2Ja90)

Corporation and County Stocks

No. of bargains included 5

Greater London Council 6½% Stk 90/92 - £88.9

Birmingham District Council 11½% Red Stk 2012 - £101 (3Ja90)

UK Public Boards

[illegible]

Commonwealth-Government

[illegible]

Foreign Stocks, Bonds, etc-(coupons payable in London)

[illegible]

Sterling Issues by Overseas Borrowers

[illegible]

Banks and Discount Companies

[illegible]

9% Subord Uns Ln Stk 1993 - £87

12½% Subord Uns Ln Stk 2004 - £103½ [illegible]

Royal Bank of Scotland Group PLC Warrants to sub for Ord - 63

11% Cum Prf £1 - 104

Standard Chartered PLC 12½% Subord Uns Ln Stk 2002/07 - £100 100

TSB Group PLC 10⅝% Subord Ln Stk 2008 - £91

Warburg (S.G.) Group PLC Cnv Dfd 25p - 280

7½% Cum Prf £1 - 81½ (2Ja90)

Wintrust PLC 10½% Cum Prf £1 - 113

[illegible]

Breweries and Distilleries

[illegible]

Registered Housing Associations

[illegible]

Commercial, Industrial, etc

[illegible]

Insurance

[illegible]

Plantations

[illegible]

Investment Trusts

[illegible]

Railways

[illegible]

Shipping

[illegible]

Utilities

[illegible]

Water Works

[illegible]

USM Appendix

[illegible]

Unit Trusts

[illegible]

Mines – Miscellaneous

[illegible]

Mines – South African

[illegible]

Oil

[illegible]

Financial Trusts, Land, etc

[illegible]

Property

[illegible]

The Third Market Appendix

[illegible]

Rule 535(2)

[illegible]

M&M Britannia International Ld Japan Income & Growth - £2.517Φ

Merrett Hldgs PLC Ord 10p - £1.7

National Parking Corp Ld Ord 10p - £4½ 4.55 4.7 4.7

North West Exploration PLC Ord 20p - 20 2 (29De89)

Shepherd Neame PLC "A" Ord £1 - £7.13 (3Ja90)

Southern Newspapers PLC Ord £1 - £3.3 3.35 3.4 3.45

Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.38

Transatlantic Hldgs PLC Pld Ord 50p - £3.1Φ

Weetabix Ld "A" Non V Ord 25p - £5.85 5.55

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Associated Manganese Mines of SA £42½Φ, $77½

Beverly Enterprises $6½Φ

Boral Ord. Stk 175 (3/1)

Centaur Mining & Exploration A$0.248 (2/1)

City Developments S$3.86 (3/1)

Compagnie Generale D'Electricite FR536Φ, 123½, 4, 5, 6, 50, 3

Cons. Exploration A$0.081, 0.085 (3/1)

Cons. Modderfontein $1.14, 1.35, 4.25, 4.4, 4.5

Elec & Eltek Co H$0.42, 0.4215

Email Ord Stk A$3.9Φ (3/1)

Forest Laboratories £25¾ (2/1)

Greenbushes A$0.73216

Greenvale Mining A$0.12, 0.14, 0.15

Haoma North West A$0.029 (2/1)

High Veld Steel & Vanadium $3.85

Hoesch AG DM299Φ, 45½, 68½, 9

Idaho Power Co £18¾

Kern Corp A$0.90513, 0.97 (29/12)

Keystone International $20¾Φ, 1.15286

Kulim Malaysia Ord 33

Malaysian Plantations 21 (3/1)

Mount Martin Gold Mines A$0.552

National Electronics (Consolidated) 4½Φ

Nicron Resources A$0.45357 (3/1)

Nixdorf Computers AG DM 315 (2/1)

North Borneo Timbers S$1.19, 1.19654 (29/12)

North Flinders Mines A$2.475

Oil Search 37Φ, 8Φ

Orbit Oil & Gas 57 (2/1)

Overseas Chinese Banking Corp 330, 40

Palabora Mining $15½Φ

Robinson & Co S$3.142 (3/1)

Sappi Ltd R38¾ (3/1)

Singapore Land S$13.8, 13.875 (29/12)

Strategic Minerals Corp 20 (3/1)

Tai Cheung Properties H$4.05, 4.0644 (29/12)

Walhalla Mining Co A$1.367 (2/1)

Windsor Resources A$0.139 (2/1)

Windsor Industrial Corp H$7.52665 (2/1)

Zanex 6¼ (2/1)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Profit-takers again hold the stage

THE NEW peaks scaled so recently in the UK stock market receded further yesterday as London reacted to the weaker trend in other global markets and to modest profit-taking on the domestic front. Share prices close well above the worst of the day but were apprehensive as Wall Street made an uncertain start to the new session. The cooler trend in sterling proved little help to the overseas earnings stocks which have led the most recent advance in the UK equities.

By the end of the day, the FT-SE Index was nearly 20 points below the new all-time highs reached earlier in the week. In the futures market, activity in the FT-SE futures contract was sluggish, indicating an unwillingness by professional traders to take a view on near term prospects.

Account Dealing Dates

First Dealings:	Dec 27	Jan 15	Jan 29
Option Declarations:	Jan 11	Jan 25	Feb 8
Last Dealings:	Jan 12	Jan 26	Feb 9
Account Day:	Jan 22	Feb 5	Feb 19

*New time dealings may take place from 9.00 am two business days earlier.

However, market sentiment remained optimistic for the medium term and traders were not unduly distressed by the profit-taking which has followed a strong opening to the new year. Seaq volumes remained high at 421.9m shares and customer business was still weighted towards the "buy" side, according to several leading market firms.

The final reading showed the FT-SE Index at 2,444.5, a loss on the day of 7.1 points. The past week, the second week of an extended three week equity trading account, has seen a gain of 21.8 points (just under 1 per cent) in the Footsie as the return to work at City firms after the holiday break has brought a rush to catch up on a relatively vigorous performance by equities over the Christmas/New Year period. The Footsie has risen by more than 82 points or 3.5 per cent since Christmas Eve.

"The market has this week consolidated its recent gains without exactly running wild," commented a strategist at a leading UK market firm.

From the domestic viewpoint, the bout of profit-taking which began on Thursday afternoon and continued yesterday was not unexpected. Fund managers attribute much of the recent advance in equities to a general unwillingness to sell stock, coupled with anxiety not to be left out as prices advance.

On the international front, London was upset yesterday by the overnight weakness in Tokyo and New York and additionally unsettled by the news that President Gorbachev has postponed meetings with foreign political leaders; wilder, and wholly unsubstantiated, suggestions of political upheavals in the Soviet Union were largely ignored in the equity market.

The water industry stocks which have featured the market's optimism ran into their first check yesterday after the UK Trade Secretary referred to the Monopolies Commission the acquisition of some share stakes acquired last year in two of the statutory companies.

FINANCIAL TIMES STOCK INDICES

	Jan 5	Jan 4	Jan 3	Jan 2	Dec 29	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	84.10	84.05	84.16	84.20	84.28	86.70	89.29 (8/2/89)	82.93 (4/12/89)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.71	92.59	92.84	92.74	92.82	98.00	99.59 (15/3/89)	92.02 (8/12/89)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1948.8	1957.3	1968.3	1934.1	1916.6	1481.3	2008.6 (5/9/89)	1447.8 (3/1/89)	2006.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	306.4	298.7	308.9	309.5	309.1	163.4	317.8 (13/12/89)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2444.5	2451.6	2463.7	2434.1	2422.7	1811.3	2463.7 (3/1/90)	1782.8 (3/1/89)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.38	4.36	4.34	4.41	4.45	4.95				
Earning Yld %(full)	10.67	10.62	10.60	10.79	10.90	12.46				
P/E Ratio(Net)(☆)	11.35	11.39	11.42	11.22	11.11	9.70				
SEAQ Bargains(5pm)	41,257	51,336	44,222	32,558	35,347	22,883				
Equity Turnover(£m)†	-	1408.02	1048.63	546.66	658.38	1113.54				
Equity Bargains†	-	53,890	44,088	29,711	28,910	25,204				
Shares Traded (ml)†	-	585.8	490.2	256.8	323.5	422.0				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 11.30

Ordinary Share Index, Hourly changes Day's High 1954.9 Day's Low 1940.8

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1949.2	1954.4	1949.4	1946.1	1946.5	1946.2	1941.2	1943.5

FT-SE, Hourly changes Day's High 2448.7 Day's Low 2436.6

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2447.9	2448.5	2443.8	2441.4	2442.8	2443.3	2437.3	2440.0

GILT EDGED ACTIVITY

Indices*	Jan 4	Jan 3
Gilt Edged Bargains	88.8	73.9
5-Day average	62.2	51.5

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index: Tel. 0898 123001.

Doubts on Cadbury hints

Speculation that Unilever might be interested in bidding for Cadbury Schweppes set the food manufacturing sector alight. The suggestions emanated from the traded options market, where buying of call options on the food group's shares was interpreted as foreshadowing a rise in Cadbury's stock price. The rally was extended during the afternoon as US investors bought Cadbury ADRs (American Depositary Receipts) in response to the London gains.

The talk was that Unilever was planning a rights issue to pay for a bid for Cadbury or for Campbell Soup of the US. But analysts were quick to pour scorn on the speculation. "This looks like an early entry for the silliest rumour in 1990," said one. Another, Mr Richard Workman of Hoare Govett, said: "It was an absurd suggestion. Unilever has not made a share issue since 1969. It just isn't their style and would be totally unnecessary."

But other observers said that bid speculation could still resurface. General Cinema holds just under 16 per cent of Cadbury's and might still be hoping to pass on its holding, perhaps to a predator. In any case, yesterday's rally seems to have expunged the bearish impact of last October's 37¼m vendor placing, which hung over the market during the final quarter of 1989.

Cadbury finished 15½ higher at 369½p, while Unilever slipped 5 to 719p. Cadbury's rally boosted United Biscuits, which added 2 to 366p.

Water selling

Water issues ran into their first sustained bout of selling pressure since their December 12 debuts. The selling was triggered by news that Mr Nicholas Ridley, the Trade Secretary, has referred the Générale des Eaux bid for Mid-Kent, and the Southern Water move for Mid-Sussex, to the Monopolies and Mergers Commission.

Traders said prices coped very well with what they described as some determined selling. "Prices were rattled at the outset and endured a sustained shakeout. But the falls were not surprising given their strong gains since flotation and we saw equally good support as the session wore on," said one.

A specialist with one of the top securities houses said he was mildly surprised by the market's reaction to the news, which he thought provided a good buying opportunity: "Near term the yields are still very respectable and remember the institutions are thought still to be underweight in these stocks." Analysts also said they expected investigations by the water companies to reveal significant stakes taken big institutions, both domestic and overseas.

Thames, newly-installed in the FT-SE index, attracted the biggest turnover, 5.7m shares, with the price settling a net 4 off at 161p, after 157½p. Some 5.4m Severn Trent were traded, the shares closing 2¼ easier at 151p, after 143¼p, while Wessex lost 6 to 169p, after 159p. Yorkshire fell 8¾ to 167½p on 3.4m and Southern 5 to 154p, after 150p, on 2.7m. The Package, down to £1578 at the day's low, rallied to close 40 down at £1605.

Higgs battle

The battle for control of Higgs & Hill, the construction group, hotted up as Y J Lovell increased its original offer worth roughly 405p to one of around 470p, valuing Higgs & Hill at some £155m.

The Higgs board rejected the latest bid and Higgs' share price retreated 11 to 448p, while that of Lovell rose strongly to close 14 higher at 244p.

There were plenty of conflicting views on whether the latest bid bid would succeed. Attempting to explain the slide in the Higgs share price, one trader said speculators had been looking for an increased offer of around 500p for Higgs and sold out and also said the offer was so finely pitched that it could well fall and see Higgs' shares down to a level of around 400p.

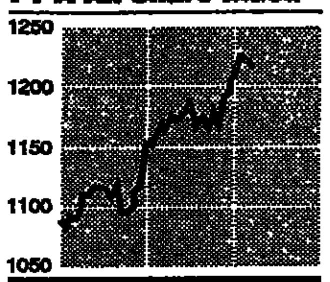
Lovell's outstanding share price rise was more easily explained, according to specialists. The stock is one of the best quality issues in its sector and fundamentally cheap given that the builders have outperformed the market by far in recent days, said one. "Without the Higgs bid they would have been at least 20 points higher," said one.

The clearing banks posted modest gains across the board, with Midland, depressed recently by worries that the hoped-for merger with Hongkong & Shanghai Banking may not take place, especially in demand and finally 5 firmer at 389p. Barclays added 4 at 579p after keen buying of the company's ADR's by one US-owned securities house. Switching out of Abbey National – among the market's top performing shares recently - into NatWest left Abbey marginally lower at 189p after turnover of 8m but helped NatWest close 23 firmer at 352p. TSB, scheduled to announce full-year figures soon, rose 3 to 130p on 6.8m.

Kleinwort Benson held at 418p despite talk in the market that it may be about to announce a slimming down of its Gilts operation.

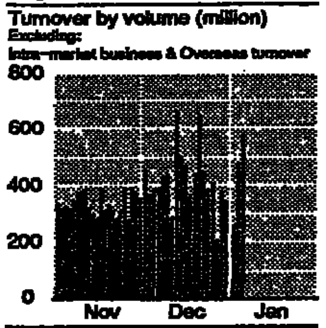
Guardian Royal Exchange (GRE) caught the eye in an otherwise depressed composite insurance sector. GRE shares dipped to 241p during early exchanges but quickly steadied and then rallied to end a busy session (3.4m shares were traded) a net 4 higher at 249p. Dealers said there had been stories that Generali, the Italian insurance group had been back into the market adding to its supposed holding.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Royals lost 3 more to 540p on 1.7m and Commercial Union 5 more to 502p. In lifes American buying was responsible for lifting Lloyds Abbey 4 to 330p.

Profit-takers were in evidence at Eurotunnel, down 30 at 683p. That still left the shares 78p better on the week in anticipation of an imminent end to the company's disagreements with contractors over the cost of building the Channel tunnel.

A decline in crude oil prices coupled with the recent bearish notes on the sector issued by some of the leading securities houses, took their toll on the oil majors. There was some big activity in BP where turnover of 16m shares was said to have been evenly split between buyers and sellers, leaving the shares unaltered on balance at 339p. Shell fared worse, losing 6 to 485p on 4.9m, while British Gas eased 4½ to 232½p.

Enterprise were a firm market, adding 10 at 661p on good turnover of 1.4m. Traders said there had been persistent demand for the shares, generally acknowledged to be the quality stock in the exploration and production issues.

Ultramar eased 4 to 375p with sentiment said to have been slightly unsettled by a vague story that the company could be considering a rights issue to help finance the purchase of a further 20 per cent stake in the Huffington Refinery in the US, where Ultramar already has a 35 per cent stake.

British Telecom eased 5 to 304p on 8.7m shares, reflecting profit-taking but Cable & Wireless put on 6 more to 589p on 2.8m with the market again excited by stories of the group selling a 15 per cent holding in Hong Kong Telecoms to CITIC, the Chinese Government's investment agency, at a higher-than expected price.

There was another good turnover (5.5m) in GEC which held at 239p. There were stories in the market that a buy recommendation from one of the big US investment houses was imminent.

Ranks Hovis McDougall gained with Cadbury's and as investors switched out of the RHM eurobonds into equities. RHM rose 10 to 432p. Booker rose 8 to 453p on a shortage of stock.

Talk that a US broker had sold 1½m Argyll shares on Thursday and was trying to sell a further ¼m yesterday kept the shares depressed. A downgrading by BZW food analysts was a further source of weakness. Argyll slipped 6 to 208p. BZW said this year's profits would be £237m rather than the £241m previously forecast, while next year £272m versus £275m was expected. The profit fall was due to pressure on gross margins since last autumn, BZW said. Kwik Save rose 12 to 592p on a shortage of stock and on speculation that Hong Kong's Dairy Farms may be planning to make a bid. Dairy currently holds 25 per cent of Kwik Save.

Whitbread continued to benefit from Wednesday's unequivocal buy recommendation from County NatWest WoodMac. The brewing team there thinks that the market has not appreciated the benefits of the sale to Allied Lyons of Whitbread's wine and spirits division on the last trading day before Christmas. Whitbread "A" shares closed another 9 better at 415, a rise since Wednesday of 24½p.

Capital Radio made a belated response to positive press comment on the independent radio sector earlier in the week.

Advertising agencies advanced for the second day in succession. WPP made the running as the shares climbed 21 to 713p and registering a two day rise of 46p. The stock had been left behind in recent rises.

Just before the close of business, Burton rose rapidly and in good volume. Dealers were initially mystified, but it soon became clear that there had been several buying orders from UK and European institutions. One dealer pointed out that Burton looked good on paper – "It's a good yielder, has a low p/e, good management, and is an established name on the high street" – and would thus appeal to foreign investors taking a fresh look at the retailing sector. Burton closed 6 better at 223p on good volume of 4.1m shares.

Dunhill Holdings had another good day, rising 8 to 413p. Earlier in the week, vague talk that Guinness might bid for the company was blamed for the rise. Yesterday attention switched to at least two buy recommendations from broking houses.

BET recovered some of the recent falls, caused by uncertainty over its £192m agreed bid for Hestair. The shares gained 3 to 262p with one marketmaker saying, "I think the fall in BET had been overdone." Hestair remained unchanged at 321p.

A single buyer was reported to have been responsible for the rise in Wassall. The shares rose 6 to 215p on a thin market, on the second closing day of its offer for Metal Closures, whose shares remained unchanged at 192p. Yale & Valor firmed 6 to 311p.

AAH Holdings shed 10 to 415p as the company announced a vendor placing to finance the purchase of several pharmacies.

British Aerospace continued to be a weak market affected by talk of a rights issue, worries of industrial action at some of its plants and the doubts over the strength of profits at its Rover Group subsidiary. The shares shed another 10 to 580p, with marketmakers saying the price would have been weaker but for a few bargain hunters.

Profit taking seemed be the order of the day in several of the engineering stocks following their recent upward run. Among those affected was Lucas down 17 to 665p, GKN which closed 2 off at 456p, and Hawker Siddeley which eased 9 to 724p.

Hartwell, which rose sharply on Thursday after Jameel Group, a Saudi Arabian trading concern, launched a £151.3m cash bid for the company, retreated 4 to 139p on talk that Oakhill may not have to pay much more to win control of Hartwell.

Other Market statistics, including the FT-Actuaries share index, and recent issues (including the water issue stocks) Page 9.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
AUT	123	207	-1
ASDA Group	2,200	119	-2
Abbey National	8,000	189	-1
Allied-Lyons	1,800	504	+2
Amstrad	3,800	51	-½
Argyll Group	3,200	208	-6
Ass. Brit. Foods	513	480	+1
BAA	535	380	-7
BAT Inds.	1,600	840	+2
BET	2,046	262	+3
BICC	1,700	477	-9
BOC	500	573	
BPB Inds.	671	230	-5
BTR	1,400	405	
Barclays	1,500	579	+4
Bass	125	1047	+2
Beazer	1,100	178	-1
Bortsford Int.	63	146	-1
Blue Arrow	1,200	94	+2
Blue Circle	1,100	258	-5
Boots	3,000	281	-1
Brit. & Comm.	624	98	-2
Brit. Aerospace	2,700	580	-10
British Airways	2,800	232	-4
British Gas	6,400	232½	-4½
British Land	292	393	+3
BP	16,000	339	
British Steel	12,000	146½	-2
British Telecom	8,700	304	-5
Bunzl	1,400	115	-3
Burmah Oil	308	675	-6
Burton	4,100	223	+6
Cable & Wire.	2,800	589	+6
Cadburys	4,900	369½	+15½
Calor Group	303	398	+6
Carlton Comms.	623	801	-4
Coats Viyella	1,300	157	-1

	Volume 000's	Closing Price	Day's change
Comm. Union	1,500	502	-5
Cookson	324	292	
Courtaulds	507	396	-1
Dalgety	354	402	-6
Dixons	402	136	-1
Eng. China Clays	655	477	+9
Enterprise Oil	1,400	661	+10
FKI	450	90	-1
Ferranti	1,000	31	+½
Fisons	1,500	340	-3
Gen. Accident	727	1184	-16
General Elect.	5,500	239	
Glaxo	1,800	816	-8
Globe Inv.	379	197½	-½
Glynwed Int.	279	270	-4
Granada	128	338	
Grand Met.	1,600	636	-3
GUS A	135	1111	+2
GRE	3,400	249	+4
GKN	264	456	-2
Guinness	1,800	657	-2
Hammerson 'A'	186	846	
Hanson	6,600	233½	-½
Hanson Warrants	1,100	61	
Harrisons Cros.	465	170	-1
Hawker Sidd.	495	724	-9
Hillsdown	2,700	290	
IMI	485	240	+½
ICI	1,800	1192	+7
Inchcape	364	307	-5
Jaguar	8	849	+1
Kingfisher	156	313	
Ladbroke	1,400	337	-2
Land Securities	285	598	-4
Laporte	63	503	-1
Legal & General	767	432	-2
Lloyds Abbey	614	330	+4

	Volume 000's	Closing Price	Day's change
Lloyds Bank	2,300	452	+2
LASMO	780	525	+3
Lonrho	1,800	317	
Lucas	672	665	-17
MB Group	1,000	215	-4
MEPC	464	544	
Marks & Spencer	5,800	210	+1
Maxwell Comm.	1,200	227	-1
Mecca Leisure	225	173	+2
Midland Bank	1,000	389	+5
NatWest Bank	4,950	352	+2
Next	1,400	94	
Northern Foods	1,800	324	-5
Pearl	1	688	
Pearson	435	786	-8
P & O	605	640	-6
Pilkington	695	250	
Polly Peck Intl.	5,300	422	+8
Prudential	1,800	232½	-1½
RHM	2,100	432	+10
RMC	1,110	723	-15
RTZ	2,100	693	-7
Racal	2,900	252	-2
Racal Telecom	130	395	-5
Rank Org.	445	679	-12
Reckitt & Colman	219	1260	-2
Redland	494	524	-2
Reed Intl.	698	458	-4
Reuters	1,600	1033	-1
Rolls Royce	5,500	190	-2
Rothmans	570	803	+7
Ryl Bk Scotland	1,200	210	-4
Royal Insurance	1,700	540	-3
STC	3,200	264	+1
Saatchi	191	275	+4
Sainsbury	421	285	-2
Scottish & New.	705	347	-2

	Volume 000's	Closing Price	Day's change
Sears	1,600	112	
Sedgwick	2,300	311	-3
Shell Transport	4,760	485	-8
Siebe	292	479	-5
Slough Ests	124	339	-3
Smith (W.H.) A	583	351	-7
Smith & Nephew	2,000	137	
SmKl Beecham	481	823	-2
SmKl Beecham Units	79	2758	
Smiths Inds.	1,600	295	+1
Standard Chartd.	2,100	658	+7
Storehouse	653	115	+1
Sun Alliance	1,600	331	-6
Sun Life	18	1270	
T&N	163	217	-2
TI Group	423	442	-2
TSB	6,750	130	+3
Tarmac	1,100	250	-2
Tate & Lyle	1,375	298	-3
Taylor Woodrow	946	329	-4
Tesco	2,700	168	+2
Thames Water	5,700	161	-4
THORN EMI	531	801	-3
Trafalgar House	2,500	374	+4
Trusthouse Forte	1,700	307	+1
Ultramar	1,400	375	-4
Unigate	158	345	-2
Unilever	1,400	719	-5
United Biscuits	2,800	366	+2
Utd. Newspapers	430	455	-2
Wellcome	433	754	-1
Whitbread 'A'	853	415	+6
Williams Hldgs.	1,300	269	-8
Willis Faber	952	223	-5
Wimpey	564	234	+5

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (88).
BRITISH FUNDS (2) Treas. 8pc 1990, Treas. 2pc I.L. 1994, **BANKS (4)** Allied Irish, Prov. Financial, Schroders, Warburg (S.G.) **BREWERS (1)** Whitbread "A", **BUILDINGS (1)** CRH, **CHEMICALS (1)** Sutcliffe Speakman, **STORES (2)** Brown & Jackson, Dunhill, **ELECTRICALS (4)** ASEA AB B, Admiral Computing, Ericsson (L.M.), Renishaw, **FOODS (2)** Fii Fyffes, Kwik Save, **INDUSTRIALS (8)** Astra AB, Barry Wehmiller, Bilston & Battersea, Dyson (J.& J.), Flogas, Hewtal Whiting, Parkfield, Stora B Free, **INSURANCE (5)** Heath (C.E.), Hogg Robinson & G., Lloyd Thompson, Sedgwick Burrill J., Sun Life, **LEISURE (2)** Grampian TVA, LWT 3½pc Pf., **NEWSPAPERS (2)** Blenheim Exhibits, Independent, **PAPERS (2)** CIA, TMD Advertising., **SOUTH AFRICANS (1)** SA Brews, **TRUSTS (11)** Camellia, Edinburgh Inv. Wrnts., Flemming Intl., Fledsch, High Zero Div. Pf., Gartmore Am. Sec. Zero Pf., Independent Inv. Wrnts., Majedie Invs., Sec. Alliance, Siam Fd., Templeton Galbraith, Thai Euro, **OILS (3)** Kingston Oil & Gas, Monument Oil, Richmond Oil & Gas, **OVERSEAS TRADERS (2)** Gn. Gt. Nor., Polly Peck, Do. 9pc. Ln., **MINES (11)** Anglo Am. Inv., Anglo Amer., Anglovaal, Beatrix Mines, De Beers Df., East Daggas, Joel (H.J.), Mid Wits, New Wits, St Helena, Welkom Gold.
NEW LOWS (29).
BANKS (2) Mitsui Tst., Tokai Bank, **BREWERS (1)** Greene King, **STORES (1)** Pepe, **ELECTRICALS (2)** Electron Hse., Holmes Protection, **FOODS (2)** Iceland Frozen, Thorntons, **INDUSTRIALS (6)** Darby, Lynx, Optometrics, Savage, Stainless Metalcraft, Young (H.), **LEISURE (2)** Expedier Lsls., TVS Ent. 7.4pc Pf., Williams (Rex), **PAPERS (3)** Ferry Pickering, Lawson Mardon, Osprey Comms., **PROPERTY (3)** Baker Harris Saunders, Danbury, McKay Securities, **TEXTILES (1)** Drummond, **TRUSTS (2)** Clayton Robard, Greyfriars, **MINES (2)** Emperor Mines, Jason Mining, **THIRD MARKET (1)** Vizcaya.

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	32	59	9	131	196	77
Corps. Dom. & Foreign Bonds	3	7	30	22	32	106
Industrials	337	452	818	2,273	1,109	3,031
Financial and Props	115	211	367	942	522	1,305
Oils	16	28	49	100	105	170
Plantations	0	3	7	2	4	34
Mines	53	42	64	154	167	318
Others	42	82	120	297	298	391
Totals	598	884	1,464	3,921	2,433	5,432

LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday January 4 1990

Metals & Metal Forming	+	7.70
Packaging & Paper	+	5.57
Transport	+	4.91
Electronics	+	4.90
Textiles	+	4.60
Motors	+	4.55
Contracting,Construction	+	4.49
Chemicals	+	3.85
Conglomerates	+	3.84
Stores	+	3.68
Capital Goods	+	3.60
Engineering-General	+	3.48
Building Materials	+	3.39
Electricals	+	3.24
Merchant Banks	+	3.04
Agencies	+	2.70
Health & Household Products	+	2.66
Other Groups	+	2.44
Industrial Group	+	2.39
Water	+	2.19
Investment Trusts	+	2.07
Other Industrial Materials	+	2.01
500 Share Index	+	1.99
Engineering-Aerospace	+	1.95
Publishing & Printing	+	1.88
Consumer Group	+	1.68
All Share Index	+	1.64
Food Retailing	+	1.34
Telephone Networks	+	1.26
Leisure	+	0.88
Property	+	0.77
Insurance(Brokers)	+	0.63
Insurance(Life)	+	0.43
Banks	+	0.34
Food Manufacturing	+	0.31
Financial Group	-	0.15
Brewers and Distillers	-	0.17
Oil & Gas	-	0.43
Overseas Traders	-	0.74
Gold Mines Index	-	3.36
Insurance(Composite)	-	4.65

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	5/92	103-22	+0/32	11.84	11.73	12.09
	9.750	1/98	95-05	-5/32	10.66	10.59	11.01
	9.000	10/08	93-11	-9/32	9.75	9.59	10.00
US TREASURY *	7.875	11/99	99-14	+5/32	7.96	7.90	7.81
	8.125	8/19	101-05	+7/32	8.02	7.97	7.88
JAPAN No 111	4.800	6/99	93.4373	-0.396	5.68	5.72	5.34
No 2	5.700	3/07	99.2243	-	5.79	5.66	5.60
GERMANY	7.000	9/99	96.2000	-0.440	7.56	7.35	7.21
FRANCE BTAN	8.000	10/94	91.8560	-0.025	10.22	10.02	9.51
OAT	8.125	5/99	91.1700	-0.330	9.56	9.35	8.96
CANADA *	9.250	12/99	97.1000	-0.250	9.71	9.52	9.71
NETHERLANDS	7.250	7/99	94.2500	-0.330	8.14	7.88	7.72
AUSTRALIA	12.000	7/99	94.7074	-0.156	12.98	12.88	13.14

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

APPOINTMENTS

ICI makes top moves

■ Dr John H. Russell, general manager of ICI Biological Products, has been appointed president of ICI Japan from *February 1. Mr Richard W.* Savage, previously controller, C-I-L Inc, a Canadian subsidiary of the ICI Group, has been appointed a corporate treasurer of ICI. Mr Trevor N. Gazard, a senior planner in the group planning department, has been appointed director of business development for ICI Advanced Materials, Wilmington, Delaware, US.

■ BDO BINDER HAMLYN has appointed Mr David Tallon as managing partner in Bristol. He was senior partner of Dearden Farrow before the merger with BDO Binder Hamlyn in 1987.

■ Mrs Christine Douse has been appointed a director of WILLIS WRIGHTSON.

C.I. GROUP, Wolverhampton, has appointed Mr Philip Sheath *(above)* as company secretary.

■ GEORGE WIMPEY has appointed Mrs Claire S. Mascall as director of corporate relations. She was deputy head of corporate affairs with Barclays Bank.

■ Mr Michael Marshall has been appointed chairman and chief executive of the MARSHALL OF CAMBRIDGE GROUP in succession to his father, Sir Arthur Marshall, who becomes life president of Marshall of Cambridge (Holdings).

■ PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION has appointed Mr Michael E. Garlick as manager (marketing & sales) following the retirement of Mr Gordon A. Brown.

■ Sir Frank Gibb, formerly chairman of Taylor Woodrow, has been appointed a non-executive director of STEETLEY.

■ THE BRITISH AVIATION INSURANCE COMPANY has appointed Mr C.T.P. Turner as financial controller.

■ Mr Robert Smith has been appointed finance director of BREL, Derby, and has joined the board of BREL Group. For the past 15 years he has been with British Aerospace, latterly on secondment to Airbus Industrie as finance director. BREL (formerly British Rail Engineering Limited) is owned by a consortium of management and employees, Trafalgar House, and ASEA Brown Boveri.

■ Mr Greg Dyke, deputy managing director, will take over as managing director of LONDON WEEKEND TELEVISION from Mr Brian Tesler on March 1. Mr Tesler will remain chairman, and Mr Dyke will continue as director of programmes in the immediate future.

Senior posts at GKN companies

Mr Tom Wood *(left)* has been appointed managing director of Hardy Spicer, Birmingham, following the retirement of Mr David Mackin. Mr Wood, who joined GKN as an apprentice in 1952, was managing director of BRD Co, Walsall, where he is succeeded by Mr Ian Griffiths *(right)* who was with Lucas Automotive. Both companies are part of GKN AUTOMOTIVE.

■ SCOTTISH TELEVISION managing director Mr William Brown will step down in June to be replaced by former World in Action editor Mr Gus Macdonald, STV's director of programmes. Mr Brown, 60, who has been managing director since 1966, is the longest-serving chief executive in independent television. He will stay on the STV board as deputy chairman and succeed Sir Campbell Fraser as chairman in June 1991, the company said.

■ Mr A.R. Barnes has been appointed financial director of BIBBY LINE GROUP, Liverpool. He was financial director of the marine division, Bibby Line. Mr Nigel Malpas has been appointed a director of Manx Ship Management a Bibby subsidiary. He *continues as general manager.*

■ ARCO, Hull, has appointed Mr Rodney Harris as personnel director.

■ Mr D.H. Meadows has been elected a director of SAMPO INSURANCE CO UK, a subsidiary of the Sampo Group, Finland.

■ IFA PROMOTION, a company set up to promote consumer awareness of the value of independent financial advice, has appointed to the board Mr David Potter, deputy general manager (marketing), Standard Life. Mr David Berridge has resigned on his appointment as chairman of Associated Scottish Life Offices.

■ TELEMETRIX has appointed Mr Bruce Rattray as finance director. He was group finance and commercial director of The Trend Group when it was acquired by Telemetrix last August.

■ BOVIS CONSTRUCTION (SCOTLAND) has promoted Mr John McMurdo to regional director.

COMMODITIES

WEEK IN THE MARKETS

Gold bounces after nervous week

GOLD'S DIP below $400 a troy ounce this week must have caused a few hearts to flutter among the precious metals analysts who, since the rise above $400 in November, had been predicting that a sustained bull run would carry the price well above $430 an ounce this year.

But after yesterday's $9 rise to $404.75 an ounce most must have been congratulating themselves on keeping their nerve.

"We are only three days into 1990, let's not panic yet," Mr Michael Spriggs of S G Warburg Securities had said after Wednesday's $6.50 fall on the London bullion market had taken the price to $394.50 an ounce. And at Shearson Lehman Hutton Ms Rhona O'Connell had declared that the fall looked "more like a consolidation than a breakdown (of the bull market)."

The fact that the gold price did not break decisiveley through support around the $395-an-ounce mark clearly encouraged the market and on Thursday $1.25 of the fall was recovered.

Yesterday's renewed surge, *which left the price $3.75 up on* the week, was influenced by the dollar's weakness. Traders in Tokyo said buyers there were also responding to news that Mr Mikhail Gorbachev, the Soviet leader, had postponed meetings with foreign politicians scheduled for this month. In London, however, traders said that news had little impact.

The platinum price, which had been weighed down by concern over low US car sales, also bounced yesterday. But the $13.50 rise still left the price $5.15 down on the week at $492.75 a troy ounce.

Rhodium, another platinum group metal that is used in automotive exhaust catalysts, put in a much stronger performance. The price rose yesterday to an all-time high of $2,050 an ounce in response to heavy buying by the Johnson Matthey marketing group, which was covering against production losses caused by problems at the Rustenburg refinery in South Africa.

At the London Metal Exchange copper prices were lifted in mid-week in line with New York's Comex, where buyers were encouraged by reports, later denied, of shipment delays in Peru. The cash price fell by £29 yesterday but was still £17.50 up on the week *at £1,531 a tonne. Dealers said* copper's potential for gains seemed to be limited by fairly heavy resistance a few pounds above yesterday's closing level.

A $20 rally yesterday left the cash price for special high grade zinc $11 up on the week at $1,347.50 a tonne, but dealers said the market still had a soft undertone, because of expectations that a further rise in LME warehouse stocks would be announced on Monday.

Aluminium was also affected by predictions of a rise in stocks and a $16.50 fall yesterday trimmed the cash price's gain on the week to $1 at $1,628.50 a tonne. Dealers said yesterday's fall also reflected disappointment at the three months price's failure on Thursday to hold above $1,650 a tonne.

Once again the LME's biggest loser was nickel, with the cash price dipping to a 23-month low of $7,887.50 a tonne on Tuesday. Three modest rises subsequently lifted the price to $8,087.50 a tonne, but that was still $187.50 down from the level at which it ended 1989.

Sterling-denominated lead's continued post-Christmas slide was encouraged by the dollar's weakness against the pound, and the cash price ended the week £10.50 down at £435 a *tonne.*

Coffee prices at the London Futures and Options Exchange were, by recent standards, unusually buoyant, with the March position ending £22 up on the week at £665 a tonne. But the biggest rises were in the sugar market, as prices responded to concern over frost damage to the US crop together with talk of heavy buying by Mexico, normally a substantial exporter, and of a Cuban swap deal to cover 500,000 tonnes contracted for shipment to China. Despite edging back yesterday the London daily price for raw sugar ended the week $16.20 higher at $337.20 a tonne.

At London's International Petroleum exchange crude oil futures prices followed the spot market's rise to 4-year highs with the March position reaching $20.95 a barrel at one stage. But it was trimmed back to $20.76 by last night's close, up $1.10 on the week.

The crude oil price rise was seen as a result of the increased demand for gas (heating) oil in response to the cold US and European weather. This in turn led to concern about availability of crude for refining into petroleum.

In New York the main drama centred on the frozen concentrated orange juice futures market, where prices were driven up following the Christmas freeze in Florida.

Richard Mooney

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
60 Holdenhurst Rd Bournemouth 0345 717373						
High Income						
American Income	6	55.23	55.82	59.39	-0.97	4.61
Gilts & Fixed Int	6	108.1	108.1xd	114.7	-0.10	8.72
High Inc Equity	6	140.7	140.7	150.9	-1.40	4.32
Worldwide Bond	6	205.7	205.7xd	218.0		4.86
Capital Growth						
American Growth	6	200.2	202.1	215.1	-3.90	1.02
Asia Pacific	6	126.8	129.3xd	137.6	-1.40	0.94
Assets & Earnings	6	163.1	163.1xd	174.5	-3.70	2.12
Capital Reserve Acc	0	88.83	88.88	89.05	-0.03	6.74
Capital Reserve Inc	0	78.87	78.87	79.02	-0.02	7.50
Comdty & Energy	6	119.4	119.4	127.6	-0.30	1.49
Dividend & Growth	6	48.16	48.92	51.96		4.33
1992 Enterprise	6	64.36	65.48	69.67	-0.31	2.38
Euro Capital Acc	6	104.3	105.0	111.8	-1.30	0.67
Euro Capital Inc	6	100.5	101.2	107.7	-0.90	0.70
General	6	156.5	156.5	166.5	-1.20	2.51
International	6	62.53	63.35	67.40	-0.43	0.74
Japan	6	123.4	123.4	132.0	-3.90	0.00
Mastertrust	6	95.25	95.25	101.9	-0.80	1.67
UK Growth Acc	6	156.4	156.4	166.4	-0.40	1.59
UK Growth Dist	6	123.2	123.2	131.9	-0.30	2.41
US Emerging Cos	5	55.81	57.18	60.83	-3.33	0.00
Income & Growth	6	318.2	318.2xd	340.4	-2.40	3.01
Ethical	5	49.32	49.32	52.75	-0.13	1.90
Abtrust Management Ltd (1000)H						
10 Queens Terrace Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	33.53	33.53	35.80	-0.57	2.95
European	5¼	63.67	63.98	69.65	-0.23	0.00
European Income	5¼	79.74	79.74xd	85.13	-0.06	1.94
Exempt		806.0	806.0xd	838.2	-7.70	1.53
Extra Income	5¼	46.93	46.03xd	49.17	-0.54	4.01
F Sat Emerg Stars	4¼	67.39	67.75	72.56	-0.47	0.02
Fund Inv Tst	5	136.9	140.4	149.9	-0.70	1.56
Do Accum	5	214.6	220.2	235.1	-1.00	1.57
Gilt & Fixed Int	5¼	20.02	20.36xd	21.73	-0.71	11.34
Income & Growth	5¼	75.50	75.50	80.40	-0.70	3.40
Intl Income	5¼	69.20	69.20	73.97	-0.51	4.30
Japan	5¼	216.0	216.0	230.5	-3.70	0.00
Pacific 10-1	5¼	48.12	48.28	51.57	-0.04	0.01
Secure Income	5	202.8	202.6xd	216.5	-1.20	5.36
Smaller Companies	5¼	56.51	56.51	60.32	-0.07	2.05
Special Situations	5¼	72.73	72.73	77.64	-0.45	0.86

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Buckmaster Mangmt Co Ltd – Contd.						
International	5	121.2	121.2	128.2	-0.8	1.00
(Accum Units)	5	166.7	166.7	176.3	-1.1	1.00
Smaller Co's	5	106.5	108.5	115.1	-0.5	2.24
(Accum Units)	5	118.5	120.3	127.6	-0.4	2.24
Inv Portfolio	2½	57.80	58.82	60.24	-0.29	3.06
(Accum Units)	2½	60.00	61.06	62.95	-0.3	3.06
High Income Port	3	49.55	50.65	52.50	-0.33	5.15
Burrage Unit Tst Mangmt Ltd (0905)F						
117 Fenchurch St London EC3M 5AL 01-480 7216						
Sh Dtd Gilt & FI	1¼	55.57	55.57	56.36	-0.03	12.80
CCF Foster Braithwaite UT Mngt (1100)F						
1 White Hart Yard London SE1 1NX 01-407 5966						
F & B Sel Ind Grth	5½	52.47	52.47xd	56.47	-0.05	1.33
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green W12 8SD 01-740 7070						
UK General Tst	5½	57.16	58.44	62.17	-0.2	2.23
Global T.t	5½	48.82	49.43xd	52.59	-0.27	2.01
Recovery Tst	5½	49.01	50.29	53.50	-0.11	1.92
CIBC Unit Tst Managers plc (1200)H						
Cottons Ctr Cottons Lane Ldn SE1 2QL 01 234 6000						
Growth Fd Acc	5	118.9	120.6xd	127.2	-0.4	4.10
CIS Unit Managers Ltd (1000)F						
PO Box 105, Manchester M60 0AH 061 837 5060						
UK Growth	6	109.0	110.6	117.7	-1.1	2.15
UK Income	6	107.9	109.7	116.8	-1.1	4.95
CS Fund Managers Limited (1000)H						
125 High Holborn London WC1V 6PY 01-242 1148						
CS America	5	65.40	65.40	69.57	-2.06	1.16
CS International	5	63.16	63.16	67.19	-0.02	1.45
CS Japan	5	152.9	152.9xd	162.6	-2.2	0.39
CS Portfolio Inv ♦	5	73.94	73.94xd	78.59	-0.13	3.48
Canada Life Unit Tst Mgrs Ltd (1200)F						
High St Potters Bar Herts EN6 5BA 0707 51122						
Can Gen Dist	5	155.7	158.4	166.4	-1.60	2.78
Do Gen Accum	5	262.9	267.6	281.0	-2.70	2.78
Do Income Dist	5	99.24	101.8	106.9	-0.90	5.27
Do Inc Accum	5	233.7	239.8	251.7	-2.30	5.27
Gilt & Fxd Int	5	36.49	36.54	38.37	-0.09	8.37
Cannon Fund Managers Ltd (0700)H						
1 Olympic Way, Wembley HA9 0NB						
01-902 8876 Dealing 0800 282621						
Growth	5¾	39.54	39.65xd	42.62	-0.21	2.39
Income	5¾	50.31	50.65xd	54.39	-0.33	5.81
Far East ♦	5¾	41.85	42.47	45.43	-0.79	0.05
North American ♦	5¾	39.61	39.85	42.62	-0.61	1.68
Global ♦	5¾	58.31	59.41	63.20	-0.70	1.55
European	5¾	69.91	70.86	75.39	-0.51	0.71
Japan ♦	5¾	120.7	120.7	129.1	-3.60	0.01
Intl Currency Bd	5¾	44.75	44.75	47.44	-0.14	6.32
Strategic Opps	5¾	53.18	53.18	56.88	-0.11	1.38

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
North American	6	131.2	131.2xd	140.3	-1.4	0.00
(Accum Units)	6	162.0	162.0	173.3	-1.7	0.00
Smaller Cos	6	161.5	161.5	172.7	+0.60	2.06
(Accum Units)	6	179.7	179.7	192.2	+0.80	2.06
Meridian Income	6	115.2	116.5xd	124.6	+0.90	3.70
(Accum Units)	6	121.1	122.6	131.1	+0.60	3.70
Meridian Growth	6	126.2	126.2	135.0	-1.1	1.96
Midland Personal Pension Unit Trust*						
British	6	65.19	65.96	70.17	-0.48	3.09
European Growth	6	72.53	72.63	77.27	-0.34	0.78
Gilt & Fixed	6	52.26	52.34	55.68	+0.05	8.64
Income	6	59.08	60.09	63.93	-0.22	4.40
Japan Growth	6	63.55	63.95	68.03	-1.36	0.00
Managed	6	60.58	61.55	65.48	-0.54	2.21
Money Market	6	56.18	56.18	59.55	+0.01	12.88
North American	6	61.34	62.54	66.53	-0.60	0.00
Midland FSAVCS Unit Trust*						
British	6	60.44	61.15	65.05	-0.62	3.09
European Growth	6	69.35	69.43	73.86	-0.31	0.78

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Inc	5	140.1	140.1xd	150.0	+0.30	0.66
Japan Acc	5	126.7	126.7	135.7	-1.90	0.00
Japan Inc	5	126.4	126.4	135.5	-1.70	0.00
Nth American Acc	5	69.11	69.11	73.42	-1.09	0.85
Nth American Inc	5	66.25	66.25	70.37	-1.15	0.85
UK Equity Acc	5	90.37	90.37xd	97.19	-0.83	3.46
UK Equity Inc	5	81.19	81.19xd	87.32	-0.73	3.46
Worldwide Acc	5	119.7	119.7	127.8	-0.30	0.79
Worldwide Inc	5	114.6	114.6	122.4	-0.30	0.79
UK High Inc Eq Acc	5	87.43	87.43	94.31	-1.19	6.76
UK High Inc Eq Inc	5	75.73	75.73	81.73	-1.03	6.76
Hong Kong Acc	5	45.41	45.41	48.44	-1.00	3.57
Hong Kong Inc	5	43.34	43.34	46.24	-0.96	3.57
Swiss Equities Acc	5	40.98	40.98	43.93	-0.05	0.35
Swiss Equities Inc	5	40.61	40.61	43.54	....	0.35
W'wide Bond Acc	5	56.75	56.75	59.88	+0.20	7.02
W'wide Bond Inc	5	54.00	54.00	56.98	+0.20	7.02
Emerging Asia Acc	5	105.7	105.7xd	113.4	+0.20	0.00
Emerging Asia Inc	5	105.7	105.7xd	113.4	+0.20	0.00

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
Wardley Unit Tst Mngrs Ltd (0900)H						
3 Harbour Exchange, London, E14 9GJ 01-958 5055						
American ♦	5¼	72.79	72.79	77.85	+1.06	1.4
Intl Growth ♦	5¼	86.84	86.84	92.87	−0.88	1.0
Income ♦	5¼	135.1	135.1	144.4	−1.10	4.7
Japan Growth ♦	5¼	250.8	250.8	268.2	−7.20	0.1
Pacific Perf ♦	5¼	165.3	165.3	176.7	−2.80	0.1
Small Co's ♦	5¼	135.0	135.0	144.3	−0.10	1.4
Technology	5¼	34.70	34.70	37.11	−0.21	0.1
Australia	5¼	65.68	65.68xd	70.24	−1.23	3.4
UK Trust ♦	5¼	186.0	186.0xd	198.9	+0.10	2.6
European Growth ♦	5¼	78.30	79.25	84.76	+0.42	0.1
Hong Kong ♦	5¼	33.91	33.91	36.76	−0.87	1.8
Intl Income	5¼	22.40	22.40xd	23.95	−0.23	7.2
S'pore & Mlyan Gth	5¼	41.22	41.22	44.08	−0.79	0.1
British Wngrs ♦	5¼	27.53	27.53	29.44	−0.09	1.8
Japan Smllr Cos ♦	5¼	32.58	32.69	34.97	−0.61	0.1
Waverley Unit Tst Mngmt Ltd (1000)F						
13 Charlotte Sq, Edinburgh 031-225 1551						
Australasian Gold	6	15.59	15.59	16.58	−0.13	0.00
Pacific Basin	6	31.47	31.47	33.47	−0.41	0.60
Can Balncd Gwth ♦	6	49.17	49.17	52.30	−0.74	0.10
Ginnie Mae ♦	4	0.9791	0.9791	1.0198	+0.14	7.52
Penny Share	6	29.33	29.33	31.20	−0.08	0.30
Wellington Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1 01-407 4404						
Wellington Income	5¼	148.1	149.8xd	159.4	−1.7	4.90
Wellington Growth	5¼	245.8	248.2	264.1	−0.8	1.13
Wessex Asset Management (1330)F						
1 Richmond Hill, Bournemouth BH2 6HW 0202 299432						
Wessex UK Gwth	4½	115.5	119.1	124.1	....	4.27
Whittingdale Unit Tst Mgmt Ltd						
2 Honey Lane, London EC2V 8BT 01-606 3132						
Challenger ‡ F	2¼	62.31	62.31	63.88	−0.01	0.00
Short Dtd Gilt ♥ F	1¼	83.07	83.07	84.18	+0.05	6.44
U.S. Govtmt Bond ♦ F	1¼	0.5794	.5794	.5870	...	0.00
Wilibro Financial Services Ltd (0905)F						
PO Box 515, 6 Broadgate, London EC2 01-588 7511						
Aust Friars W'wide	5	209.2	213.2	226.8	+1.6	2.39
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Convtbl & Equity	5	58.70	58.70	62.54	.....	7.40
European	5	83.42	83.42xd	88.99	.....	0.30
Far Eastern	5	67.27	80.45	85.58	.....	0.58
Growth Inc	5	80.13	80.13	85.42	.....	1.58
Growth Acc	5	80.21	80.21	85.50	.....	1.58
Income Inc	5	80.30	80.30	85.59	.....	4.85
Income Acc	5	80.40	80.40	85.71	.....	4.85
Property Share	5	48.98	48.98	52.21	.....	1.08
Smaller Co's	5	45.97	49.33	52.47	.....	1.87
Nth American	5	64.03	64.03	68.48	.....	1.60
International	5	51.00	51.00	54.54	.....	1.36
Asset Value	5	168.31	168.31	180.00	.....	4.43

	Bid Price	Offer Price	+ or −	Yield Gross
Aetna Life Insurance Co Ltd—Contd.				
Pension Funds (Accumulation Units)				
Squirrel	15.88	16.72	....	—
Bear	17.87	18.82	−0.12	—
Owl	23.80	25.06	−0.22	—
Bull	21.09	22.21	−0.05	—
Stag	20.49	21.57	+0.07	—
Gilt Edged		14.03	+0.02	—
Deposit		13.66	+0.01	—
North American	10.87	11.45	−0.07	—
European	12.52	13.18	+0.13	—
Property	12.37	13.03	−0.06	—
Index-Linked	12.15	12.79	+0.01	—
Far Eastern	15.01	15.80	−0.30	—
UK Equity	16.21	17.07	−0.10	—
Fixed Interest	12.26	12.91	+0.02	—
Gilt Edged (BY)	10.14	10.18	+0.01	—
1982 Series				
Managed	309.55	325.85	+0.41	—
Pre 1982 Series				
Aetna Life				
3 Way	739.79	739.80	+2.07	—
Equity Pensions	190.89	190.89	+6.36	—
Aetna Pensions Ltd				
3-Way Managed	641.63	641.63	−7.82	—
Exempt Approved				
Mixed Managed	226.03	230.65	−0.98	—
Gilt Edged		14.03	+0.02	—
Albany Life Assurance Co Ltd				
3 Darkes Lane, Potters Bar EN6 1AJ 0707 42311				
Life Funds				
Brit Blue Chip Fd Acc(z)	152.1	160.0	−1.3	—
Equity Fd Acc(z)	1112.2	1170.6	−4.7	—
European Fd Acc(z)	294.2	309.6	+2.1	—
Intl Fxd Int Fd Acc(z)	215.3	226.6	+0.6	—
Fixed Int Acc(z)	350.9	369.3	+0.6	—
Gtd Money Fd Acc(z)	245.7	258.6	+0.1	—
High Income Fd Acc(z)	125.2	131.8	−0.9	—
Intl Man Fd Acc(z)	442.6	465.9	−3.2	—
Japan Fd(z)	320.8	337.7	−2.9	—
UK Smllr Co's Fd Acc(z)	116.8	122.9	+0.3	—
Europlus Metro	128.9	135.6	+0.9	—
Global Metro	111.1	116.9	−0.4	—
Sunrise Metro	129.2	134.5	−1.2	—
UK Metro	115.5	121.5	−0.1	—
Nth American Fd Acc(z)	221.5	233.2	−2.7	—
Pac Basin Fd Acc(z)	171.4	180.4	−0.6	—
Prop Fd Acc(z)	345.8	363.9	....	—
Millennium	104.2	109.7	−0.4	—
Multiple Inv Acc(z)	759.2	799.1	−2.8	—
Pension Funds				
Brit Blue Chip Acc(z)	172.8	181.8	−1.9	—
Eq Pen Fd Acc(z)	2195.5	2308.9	−12.3	—
Euro Fd Acc(z)	406.7	428.0	+3.9	—
Fixed Int Acc (z)	733.2	771.8	+1.4	—

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Prolific Life & Pensions Ltd
Stramongate, Kendal, Cumbria LA9 4BE 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Balanced Gwth Mngd	635 2	669 4	−1 5	−
Adventurous Mngd	139 3	146 9	−0 6	−
Secure Mngd	111 6	117 6	−1 0	−
Cash Fd	244 6	257 8	+1 0	−
Property Fund	301 4	317 6	+0 5	−
Equity Fund	728 7	767 9	−2 2	−
Fxd Int. Fund	296 1	312 1	−0 3	−
International	344 6	366 6	−0 9	−
High Income	474 9	505 2	−2 6	−
Far East	470 9	501 0	−0 8	−
North American	295 9	315 9	−2 7	−
Special Sits	657 8	699.8	−0 5	−
Technology	269 8	287 1	−2 6	−
Extra Inc Fd	282 6	300 7	−4 5	−
Convertible & Gilt Fd	153 8	163 7	−2 3	−
American Income	138 8	147 7	−1 7	−
Gilt Fund 20	304 5	324 0	+0 7	−
European Fund	120 6	128 3	+1 5	−
Pref & Fixed Int	95 5	101 7	−1 2	−
Equity Income Dist	102 4	108 0	−0 7	−
Managed Dist	100 2	105 6	−0 8	−
Pension Funds				
Balncd Gth Mgd Pens Acc	604 4	636 3	−2 5	−
Adventurous Mgd Pens Acc	132 9	139 9	−0 6	−
Secure Mngd Pens Acc	110 5	116 4	−2 0	−
Building Soc Acc	260 3	274 0	+1 6	−
Property Pens Acc	308 6	324 9	+0 9	−
Fix. Int. Pens Acc	418 4	440 5	+0 2	−
Equity Pens Acc	798 6	840 7	−5 [illegible]	−
International Pens Acc	324 7	341 8	−1 0	−
High Inc Pens Acc	510 7	537 6	−7 6	−
Tech Pens Acc	173 8	183 0	−2 1	−
N American Pens Acc	202 6	213 3	−2 1	−
Far Eastern Pens Acc	463 2	487 6	−0 6	−
Special Sits Pens Acc	536 8	565 1	−0 5	−
Extra Income Pens Fd	340 0	357 9	−5 [illegible]	−

Royal Heritage Life Assurance Ltd
20 Clifton St, EC2A 4HX 01-920 0202/0733 262524

	Bid Price	Offer Price	+ or −	Yield Gross
Multi Gwth		508.75	....	−
Multi Gwth "A"	508 7	535 5	....	−
Op Prop	427 8	450 4	....	−
Op Equity	769 0	809.5	−4 7	−
Op High Yld	357.2	376 0	+0 3	−
Op Man	603 0	634 8	−3.3	−
Op Dep	287 8	303 0	....	14 75
Op Inc Dist	203 3	214 1	−1 1	7 67
Op Int Man	348 7	367.1	−4.5	−
Op Emerging Co s	296 7	312.4	+0 4	−
Pension Funds-Series B & C Acc.				
Property	752 9	792 6	+0 1	−
Equity	1975.3	2079.3	−7 4	−
Fixed Interest	651.1	685 4	+0 4	−
Managed	1060 7	1116 6	−5 3	−
Deposit	557 2	586 6	....	14.15
Gartmore Global	203 4	214 2	+0.8	−
Gartmore NA	99.3	104 6	+0 4	−
Gartmore Pacific	261 4	275 2	+4.1	−
Henderson Acc	204 7	215 5	+0 6	−
Perpetual Mng	212 2	223 4	+0.7	−
Framlington Mng	194 9	205.2	+1.3	−
Gartmore Pen Mngd	200 2	210 9	−0 3	−
Gartmore Pen Euro	159 0	167 4	+1.9	−
Beckman Pension Fund	126 1	132 8	.....	−
Suffolk Cap Pen Fd	116 7	122 9	.....	−
IMC Pen SB Ser B	95 0	100 0	..	−
Pension Funds-Series D				
Property	191 5	191.5	+0 1	−
Equity	132 3	132 3	−0 4	−
Fixed Interest	160 0	160 0	+0 1	−
Managed	134 4	134 4	−0 7	−
Deposit	163 7	163 7	...	−
Gartmore Global	127 8	127 8	+0 4	−
Gartmore NA	112 6	112 6	+0.5	−
Gartmore Pacific	137 3	137 3	+2 1	−
Henderson Acc	151 4	151 4	+0 5	−
Perpetual Mng	155 0	155 0	+0 5	−

Scottish Mutual Investments—Contd.

	Bid Price
Pens International Fnd	217 8
Pens Gilt/Fxd Int Fnd	137 0
Pens Index-linked Fnd	131 8
Pens Property Fnd	145 0
Pens Cash Fund	143 3
Pens Halifax Fnd	148.4

Scottish Provident Institution
6 St Andrews Sq, Edinburgh

	Bid Price
Managed	200 5
Equity	203 4
International	230 7
Property	240 7
Fixed Interest	144 1
Index-Linked	130 8
Cash	134 2
Worldwide Performance	101.4
American Performance	101.0
Europe Performance	107.0
Far East Performance	105 7
Pens Mixed Init	190.0
Do Ord	230 3
Pens Equity Init	195 3
Do. Ord	238 3
Pens Intnl Init	213 0
Do Ord	258 8
Pens Property Init	237 0
Do Ord	287 1
Pens Fixed Int. Init	143 8
Do Ord	175 7
Pens Index-Lkd. Init	114 4
Do Ord	139.4
Pens Cash Init	142.7
Do. Ord	175.1

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU

	Bid Price
Inv Pol 1 Jan 5	716 8
Inv Pol 2 Jan 5	658 0
Inv Pol 3 Jan 5	635.3

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

BRITISH FUNDS

1989/90 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅜	98⅛	Exch 11pc 1990‡‡	99½	+⅛	11.05	14.82
101⅜	99⅜	Exch. 12½pc 1990	99½	+⅛	12.56	14.78
97⅞	91⅞	Treas. 3pc 1990	97⅞	+⅛	3.09	12.07
97¾	95⅝	Treas 8¼pc 1987-90‡‡	97⅝	+⅛	8.44	13.79
98⅜	95¼	Treas. 8pc Cv 1990 ‡‡	97⅝xd	+⅛	8.22	13.71
98⅜	96⅞	Treas. 10pc Cv 1990	97½	+⅛	10.30	13.98
93⅜	87⅞	Exch 2½pc 1990	93⅜	+⅛	2.68	10.74
101⅜	98⅛	Treas 11¾pc 1991	98⅜xd	+⅛	11.94	13.54
93¾	89⅞	Funding 5¾pc '87-91‡‡	93½	+⅛	6.17	11.75
90⅞	86⅞	Treas. 3pc 1991	90⅞	+⅛	3.30	10.46
100⅜	95½	Treas 10pc Cv '91 ‡‡	96⅞xd	+⅛	10.40	12.92
101⅜	96⅜	Exch. 11pc 1991	97⅜	+⅛	11.30	12.70
94⅛	91⅛	Treas 8pc 1991	92⅜	+⅛	8.66	12.60
106⅞	100⅛	Treas 12¾pc 1992‡‡	101xd	+⅛	12.62	12.17
99½	95⅞	Treas 10pc 1992	95⅞	+⅛	10.43	12.22
94⅞	90⅜	Treas. 8pc 1992 ‡‡	91⅜	+⅛	8.70	12.12
100¼	96⅛	Treas 10½pc Cv 1992‡‡	97⅛	−⅛	10.61	11.94
85⅝	82¼	Treas. 3pc 1992	84⅜	+⅛	3.54	10.26
105⅜	99⅜	Exch. 12¼pc '92	100⅜	.....	12.19	12.00
109⅞	103⅛	Exch 13½pc 1992	103⅜	.....	13.02	11.84
94⅞	90⅜	Treas 8¼pc 1993	91⅛	+⅛	9.04	11.64
100⅞	95⅛	Treas 10pc 1993‡‡	96⅛	+⅛	10.40	11.42
108¼	101⅜	Treas 12½pc 1993‡‡	102⅜xd	+⅛	12.15	11.49
88⅛	84⅞	Funding 6pc 1993‡‡	85⅞	+⅛	6.99	10.75
113¾	106⅜	Treas 13¾pc 1993‡‡	107⅞	+⅛	12.83	11.38
94⅞	89⅜	Treas. 8½pc 1994	90⅜xd		9.36	11.38
117⅜	109⅜	Treas 14½pc 1994‡‡	110⅞	.....	13.09	11.16
113⅜	106⅛	Exch 13½pc 1994	107⅜	.....	12.60	11.32
100⅝	94⅜	Treas. 10pc Ln. 1994‡‡	96⅛	.....	10.40	11.12
110¼	102⅜	Exch. 12½pc 1994	104⅜	+⅛	12.01	11.31
96⅜	91⅛	Treas 9pc 1994‡‡	92⅜	+⅛	9.76	11.10
		Five to Fifteen Years				
108⅜	101⅜	Treas 12pc 1995	103xd	.....	11.65	11.20
79⅞	72	Exch 3pc Gas 90-95	76½	.....	3.93	8.65
101⅜	95⅞	Exch. 10¼pc 1995	96⅜xd	.....	10.61	11.08
113⅜	106⅞	Treas 12¾pc 1995‡‡	107⅜	+⅛	11.86	10.96
119⅜	110⅜	Treas. 14pc '96	112⅜xd	+⅛	12.48	11.17
97½	90⅞	Treas. 9pc 1992-96‡‡	92⅛	+⅛	9.80	10.85
126⅝	117⅞	Treas 15¼pc 1996‡‡	118⅜	+⅛	12.82	11.00
117⅜	108⅜	Exch 13¼pc 1996‡‡	110⅜	+⅛	12.00	10.93
101⅞	94½	Conversion 10pc 1996	96⅜	+⅛	10.41	10.82
118½	109⅞	Treas 13¼pc 1997‡‡	111⅞xd	−⅛	11.89	10.87
104⅞	96⅜	Exch 10½pc 1997	98⅞	−⅛	10.66	10.80
95⅜	88⅜	Treas 8¾pc 1997‡‡	90½	−⅛	9.67	10.58
128⅝	118⅞	Exch 15pc 1997	120⅝	−⅛	12.46	11.02
100⅜	93⅛	Exch. 9¾pc 1998	95⅛xd	−⅛	10.24	10.66
84⅞	78⅝	Treas 6¾pc 1995-98‡‡	80⅜	−⅛	8.36	10.24
134⅞	123⅜	Treas. 15½pc '98‡‡	125⅜	−⅛	12.32	10.82
113⅜	105	Exch. 12pc 1998	106⅝	−⅛	11.22	10.76
100¼	92⅜	Treas 9½pc 1999‡‡	94¼xd	−⅛	10.02	10.39
115⅞	106⅜	Exch. 12¼pc 1999	108⅝	−⅛	11.27	10.73
105⅝	97⅞	Treas. 10½pc 1999	99¼	−⅛	10.58	10.62
104⅞	96	Conversion 10¼pc 1999	97⅜	−⅛	10.48	10.61
94⅞	86⅜	Treas. 8½pc Ln 2000‡‡	88⅝xd	−⅛	9.58	10.33
97⅞	89⅜	Conversion 9pc 2000‡‡	91⅜	−⅛	9.82	10.34
122⅞	112	Treas. 13pc 2000	114⅛xd	−⅛	11.40	10.74
103⅝	95⅛	Treas 10pc 2001	96⅞	−⅛	10.32	10.46
124⅜	114⅝	Treas. 14pc '98-01	116⅞	−⅛	12.02	10.94
102⅞	93¾	Conversion 9¾pc 2001	95⅞xd	−⅛	10.20	10.41
113⅜	104⅜	Exch. 12pc '99-02	106¾xd	−⅛	11.24	10.80
104⅜	95⅜	Conversion 10pc 2002	97⅜	−⅛	10.27	10.38
102⅜	94	Treas 9¾pc 2002	95⅜	−⅛	10.18	10.35
97⅜	89⅜	Exch. 9pc 2002	90⅜	−⅛	9.90	10.28
126⅜	116⅞	Treas. 13¾pc 2000-03	118⅜xd	−⅛	11.614	10.79
105⅝	96⅞	Treas 10pc 2003	98⅝	−⅛	10.17	10.22
113⅜	103⅜	Treas. 11½pc 2001-04	105⅜	−⅛	10.88	10.60
106⅞	96⅜	Treas. 10pc 2004	98⅜	−⅛	10.14	10.18
59⅞	54⅞	Funding 3½pc '99-04	55⅜xd	−⅛	6.28	9.03
102⅜	93½	Conversion 9½pc 2004	95⅞	−⅛	9.96	10.11
		Over Fifteen Years				

BRITISH FUNDS—Contd

1989/90 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103⅜	93⅝	Conversion 9½pc 2005	95⅞	−¼	9.94	10.07
111⅛	101½	Exch. 10½pc 2005	103⅝	−¼	10.16	10.07
125⅞	114¼	Treas. 12½pc 2003-05	116⅜	−⅜	10.74	10.25
90⅝	82½	Treas. 8pc 2002-06‡‡	83⅞	−⅛	9.55	10.01
118⅜	108⅞	Treas. 11¾pc 2003-07	110½xd	−⅜	10.63	10.27
96⅞	86⅜	Treas 8½pc 2007 ‡‡	89xd	−¼	9.55	9.85
134⅝	122¼	Treas. 13½pc '04-08	124⅜	−⅜	10.86	10.20
101⅞	91⅞	Treas 9pc 2008 ‡‡	93⅜	−⅜	9.64	9.77
94⅜	91⅞	Treas. 9pc 2008 B	93⅜	−⅜	9.64	9.78
92⅞	83	Treas 8pc 2009	84⅞	−⅛	9.43	9.74
102⅞	91⅞	Conv 9pc Ln 2011 ‡‡	93⅝xd	−¼	9.61	9.71
68⅞	61½	Treas. 5½pc 2008-12‡‡	62⅜	−¼	8.77	9.54
89⅞	80⅞	Treas. 7¾pc 2012-15‡‡	82xd	−⅜	9.45	9.68
132⅞	118⅝	Exch. 12pc '13-'17	120⅜	−⅜	9.94	9.74
		Undated				
45⅝	40⅛	Consols 4pc	40⅜xd	−⅛	9.76	−
40⅜	35⅜	War Loan 3½pc‡‡	36⅜	−⅛	9.61	−
70⅜	60⅞	Conv 3½pc '61 Aft	61⅜	−⅛	5.67	−
41⅞	31¾	Treas. 3pc '66 Aft	32¼	−⅛	9.28	−
30¼	25⅞	Consols 2½pc	25¾	−⅛	9.68	−
29½	24⅜	Treas. 2½pc	25⅜	−⅛	9.83	−
		Index-Linked (b)			**(1)**	**(2)**
112¾	103⅞	Tr. 2pc '92‡‡(97.8)	112⅜	+⅛	3.05	4.23
105⅞	94⅜	Do. 2 '94 (102.9)	105⅞	+⅛	2.91	3.49
155⅜	139⅝	Do. 2pc '96(67.9)	155½	−⅛	3.03	3.41
131⅝	118⅞	Do 2½pc '01(78.3)	131¼	−⅛	3.40	3.65
128⅝	115⅝	Do. 2½pc '03(78.8)	128¼	−⅛	3.47	3.69
131⅜	117⅜	Do. 2pc '06(69.5)	131⅞xd	−⅛	3.51	3.69
123⅞	110⅝	Do 2½pc '09(78.8)	122⅜	−⅛	3.50	3.67
128⅞	114⅜	Do. 2½pc '11(74.6)	128⅛	−⅛	3.50	3.65
107⅞	95¼	Do. 2½pc '13(89.2)	106⅜	−⅛	3.47	3.61
115⅝	101⅝	Do. 2½pc '16(81.6)	115⅜xd	−⅛	3.43	3.57
113⅞	100⅞	Do. 2½pc '20(83.0)	112⅜	−⅛	3.39	3.52
95¼	84⅜	Do. 2½pc '24‡‡(97.7)	95⅞xd	−⅛	3.35	3.42

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1989: 114.3 and for November 1989: 118.5.

INT. BANK AND O'SEAS

High	Low	Stock	Price £	+ or −	Int.	Red.
108⅜	98⅛	African Dv Bk 11¼Ln 2010	99⅞	−⅛	11.14	11.14
104⅞	94⅛	Asian Dev Bk 10¼pcLn2009	96	−⅛	10.68	10.74
130⅞	117⅜	Australia 13½pc 2010	119⅜	−⅛	11.28	11.06
113⅜	101⅞	Do. 11½pcLn2015	103⅛	−⅛	11.04	11.01
110⅜	98⅛	Euro Inv Bk 11pc Ln 2002	100⅛	−⅛	10.99	10.97
119⅞	107⅞	Int-Am Dev Bk 12½pc 2003	109⅛	−⅛	11.46	11.16
99¼	89⅞	Do. 9¾pcLn 2015	90⅜	−⅛	10.72	10.80
97½	89	Mlysia 10¾pcLn 2009	90	.....	11.94	12.09
120	110	Utd Mexican States 16½pc 2008	110	.....	15.00	14.90

CORPORATION LOANS

High	Low	Stock	Price £	+ or −	Int.	Red.
111½	95½	Birmingham 11½pc 2012	100½	.....	11.44	11.40
91	85½	GLC 6¾pc 1990-92	88½	.....	7.63	12.80
124½	115½	Leeds 13½pc 2006	116½	.....	11.59	11.25
33	29	Liverpool 3½pc Irred	29	.....	12.07	−
95½	92	LCC 6¾pc '88-90	95½xd	.....	7.07	11.60
30	26	Do. 3pc '20 Aft	27	.....	11.11	−
107½	99½	Manchester 11½pc 2007	101½	.....	11.33	11.30

COMMONWEALTH & AFRICAN LOANS

High	Low	Stock	Price £	+ or −	Int.	Red.
89½	86½	NZ 7¾pc 1988-92	87¾	.....	9.26	12.25
206	206	S Rhod 2½pc Non-Assd.	206	.....	−	−
84½	84½	Do. 4½pc 87-92 Assd.	84½	.....	5.33	9.35

LOANS

1989/90 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Building Societies				
100½	98¼	N'wide Anglia 12⅜pc 29.1.90	99⅜xd	.....	12.58	14.91
100	98⅞	Do. 12⅜pc 26.2.90	99⅜	.....	12.76	15.28
100	98⅜	Do. 12⅞pc 19.3.90	99⅜	.....	12.94	15.30
100⅞	98⅜	Do. 13⅜pc 23.4.90	99⅛	.....	13.46	15.17
100	98⅜	Do. 13pc 14.5.90	99⅞	.....	13.80	15.14
100	98⅝	Do. 13⅜pc 4/6/90	99⅛	.....	13.76	15.07
100⅜	99⅛	Do. 14⅜pc 2.7.90	99⅜xd	.....	14.36	14.99
100⅛	98⅜	Do. 13⅝pc 23.7.90	99⅜	.....	13.71	14.97
100	98⅜	Do. 13⅞pc 13.8.90	99⅛	.....	13.56	14.96
100	98⅛	Do. 13½pc Bds 3.9.90	99⅛	.....	13.63	14.85
109	98½	Do. 5⅞pcIL Ln 2021	109	.....	4.27	4.42
109	99⅛	Do. 4.25pcIL '24	109	+½	4.22	4.20
		Public Board and Ind.				
47	43	Met. Wtr. 3pc 'B'	45xd	+1	6.67	10.86

FOREIGN BONDS & RAILS

1989/90 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
50	40	Greek 7pc Ass.	50	.....	3.50	7.00
50	40	Do. 6pc 28 Stb Ass.	50	.....	3	6.00
50	40	Do 4pc Mixed Ass.	50	.....	2	4.00
80	65	Hung. '24 Ass.	80	.....	2.75	3.57
139⅜	125⅛	Hydro Quebec 15pc 2011	127⅛	+½	15.00	11.52
128⅜	113⅜	Iceland 14½pc Ln 2016	116	.....	14.50	12.41
97¾	90	Ireland 9¾pc '91-96	90¾	.....	10.74	11.90

AMERICANS

1989/90 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
44⅜	26¼	Abbott Laboratories‡	43⅛xd	.....	$1.40	−	2.1
579p	361p	♥Allegheny & W 1c	536p	+10	30c	−	3.5
18⅞	12⅞	Amax $1	15xd	−⅛	80c	−	3.4
11⅝	6	Ambase Corp $1	7⅝	−	20c	−	1.7
15	695p	Amdahl 5c	941pxd	−45	b10c	−	0.7
37⅞	25½	Amer. Cyanamid $5	34⅛	−¼	$1.35	−	2.5
25⅞	14⅞	Amer. Express 60c	21¼xd	−⅛	84c	−	2.5
29¼	15¾	American T. & T. $1	27¾	−⅛	$1.20	−	2.7
42¼	26⅞	Ameritech $1	40⅛	−1¼	h$2.92	−	4.6
659p	490p	♥Asiamerica Equity‡	544p	−5		−	−
22⅞	9⅝	BankAmerica $1⅞	17⅜xd	.....	60c	−	2.2
37⅛	19⅛	Bankers N.Y. $1	26⅜xd	.....	$2.12	−	5.0
70¼	38½	Bell Atlantic $1	67	−3⅝	$4.40	−	4.2
36⅝	19⅜	BellSouth Corp	35¼	−1¼	$2.52	−	4.5
15⅞	9¾	♥Bethlehem Steel $8	11⅛xd	.....	40c	−	2.2
12	868p	♥Bio-Rad Labs. A	10⅛	−⅛		−	−
20¼	15¼	Bowater Inc	17¼	−¼	$1.12	−	4.1
12⅞	8⅞	Brunswick 75c	8⅜xd	.....	44c	−	3.2
46⅝	28⅝	CPC Intnl. 25c	45⅞	.....	$1.80	−	2.5
863p	333p	California Engy.	735p	−4		−	−
36⅜	17¼	Campbell Soup 15c	33⅜xd	.....	92c	−	1.7
28⅞	15⅞	Chase Manhattan $12½	21⅞xd	−⅛	$2.36	−	7.0
26¼	17	Chem. Banking Corpn.	19	−¼	$2.72	−	9.1
17½	11⅞	Chrysler $6¼	12xd	−¼	$1.20	−	6.3
22⅞	14⅞	Citicorp $1	17⅜xd	−⅛	$1.62	−	5.7
41⅜	25¼	Colgate-Palmolive $1	39⅛xd	.....	s$1.48	−	2.4
17¼	10¾	Cont'l Bank Corp $4	13	−⅛	80c	−	3.9
410p	218p	♥Corporate Data Scnce	298p	.....		−	−
27½	20¼	Dana Corp. $1	21⅜xd	.....	$1.60	−	4.6
12	739p	Data General	742p	−18		−	−
38⅜	26⅜	Dun & Bradstreet $1	27⅞	−½	$2.00	−	4.5
43⅛	24½	Eaton Corpn. 50c	34¼	−1¼	h$2.00	−	3.7
11⅝	8¼	Echlin Inc	9⅞	.....	70c	−	4.5
22¾	16⅞	FPL Group 1c	22⅛xd	.....	$2.28	−	6.4
23⅝	13⅛	Fluor Corp 62½pc	23⅝	.....	16c	−	0.4
35⅛	25⅜	Ford Motor $1	27⅞xd	−⅛	$3.00	−	6.6
41⅜	24¼	Gen. Elect. 63c	40½	−⅛	$1.88	−	2.9
579p	365p	♥General Host Corp $1	375p	+4	30c	−	5.1
39⅛	18¼	Gillette $1	30⅝	.....	96c	−	2.0
987p	357p	Gt American Bank Bk $1	436p	−21	20c	−	2.9
23⅞	16⅛	Greyhound $1½	20⅛	.....	$1.32	−	4.2

Continued on next page

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ISLE OF MAN (**)

LUXEMBOURG (**)

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AMERICANS—Contd

1989/90 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
15¾	847p	Hasbro Inc 50c	12⅝	+⅛	16c	–	0.8
57½	32¼	Honeywell $1½	54⅛	...	$2.75	–	3.2
22⅝	15⅛	Houston Inds $	21⅛	–⅛	$2.96	–	8.8
76	58⅛	IBM Corpn $1¼	61	–⅛	$4.84	–	5.0
60p	45p	Image Storage/R Sys 1c	50p	+2	–	–	–
32½	18¼	Ingersoll-Rand $2	32	...	$1.20	–	2.3
33¼	22⅛	Lockheed Corp. $1	24⅝	–⅛	$1.80	–	4.6
22½	10	Lone Star Inds $1	10⅝	....	$1.90	–	11.1
28	17½	Louisiana Land 15c	27⅝	.....	$1.00	–	2.3
20½	11	Lowe's 50c	18	.	48c	–	1.7
23	15	Manuf. Hanover $1	21	....	$3.28	–	9.5
22⅝	13	Merrill Lynch $1	16¼	....	$1.00	–	3.8
24¼	19⅛	Molex Inc	23⅛	....	3.2c	–	–
30⅛	18¼	Morgan (JP) $2½	27	–⅛	$1.66	–	3.9
29	24⅛	Morris (Philip)	25½	–1½	$1.13	–	2.8
56	36⅛	NYNEX $1	53⅛	–1⅛	$4.36	–	5.1
44p	15p	N'wide Legal Serv. $	15p	–4	–	–	–
24	19¼	PHH Corp $	21¼	+⅛	$1.16	–	3.5
259p	167p	Pacific Agr $	185p	..	–	–	–
29⅝	19	Pacificorp $3¼	28½	–⅛	$2.76	–	5.9
31	16	Pacific Telesis 10c	30⅛	–1⅛	$1.88	–	3.9
22	15¼	Pall Corp 25c	21¼	–⅛	48c	–	1.4
55⅝	39	Pennzoil 83 1/3c	54½	.	$3.00	–	3.5
42¼	28⅛	Quaker Oats $5	35	.	$1.40	–	2.5
32½	23	Pro NY Corpn $5	32½	......	$1.28	–	2.5
16¼	11	Rockwell Intl. $1	14½	..	78c	–	3.4
29½	22	Sears, Roebuck 75c	23	–	$2.00	–	5.3
40¼	21⅛	Southwestern Bell $1	37⅛	–1⅛	$2.60	–	4.4
27⅝	17	Sun Co Inc $1	25½	....	$1.80	–	4.5
31	22	TRW Inc 62½c	31	...	$1.72	–	3.4
40	26¼	Tenneco $5	38⅛	.....	$3.04	–	4.9
36	28	Texaco $6 25	35	.	$3.00	–	5.3
23	18	Texas Instr $1	22	......	72c	–	2.0
117	58⅛	Time Inc. $1	81	....	$1.00	–	0.8
19½	13	TRINOVA Corp	15	....	68c	–	2.8
26⅛	16	USX $1	22¼	+⅛	$1.40	–	4.0
325p	120p	Unilab	320p	..	–	–	–
36⅝	22¼	Utd Technologies	33½	–⅛	$1.60	–	3.0
168p	121p	Utilitech Inc	140p	....	–	–	–
50¼	31½	US West $	47	–1⅛	$3.76	–	5.0
22½	11	Waste Management $1	22⅛	....	30c	–	0.8
20½	13½	Whirlpool $1	20	–⅛	$1.10	–	3.5
24½	16	Whitman Corp	18¼	....	$1.02	–	3.5
46⅝	28¼	Woolworth $3½	40¼	.....	$1.88	–	2.9

CANADIANS

1989/90 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
186p	129p	ABM Gold Corp $	159p	–1	–	–	–
26p	4½p	Abbot Energy Corp	25p	....	–	–	–
10⅝	401p	Amer. Barrick Res	970p	+20	–	–	–
39½p	10½p	Armeno	21½p	....	–	–	–
33½p	6p	Augmitto Expln	8½p	–½	–	–	–
19½	12⅝	Bk. Montreal $	17¼	–⅛	$2.12	–	6.7
10⅝	655p	Bk. Nova Scot $	863p	–16	92c	–	5.8
831p	599p	BC Gas $1	798p	+1	60c	–	4.1
24¼	17	BCE $	24⅛	–⅛	$2.44	–	5.5
17	12½	Brascan $	14½	–⅛	88c	–	3.3
228p	108p	Breakwater Res	142p	+5	10c	–	3.8
19¼	11½	Can. Imp Bank $	17	–½	$1.24	–	4.0
15¼	997p	Can. Pacific $	14	.....	92c	–	3.6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INSURANCES

[illegible]

LEISURE

1989/90 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
170	126	Airtours 10p	γ	149	.....	7.0	♦	6.5	♦
315	195	Anglia TV	β	277	.....	†7.75	3.3	3.7	10.8
*168	94	Avesco 1p	β	98	.....	†91.13	6.3	1.5	12.5
34	9	BCE Hldgs 5p	γ	16	–½	0.4	–	3.3	–
395	245	Barr & W.A.T. 'A'	γ	305	.....	†15.0	1.7	6.6	12.3
540	225	Boosey & Hawkes	γ	415	.....	†10.0	2.5	3.2	16.4
60	35	Border T.V.	γ	49	.....	†2.0	3.4	5.4	7.1
423	317	Brent Walker 10p	β	358	.....	†11.0	3.6	4.1	7.2
117	79	Do 9pc Cv Cm Rd Pf	γ	101	+2	6.8	–	7.9	–
*109	80	Buckingham Int'l 10p	γ	88	.....	–	–	–	–
344	146	Camport Int. 20p	γ	182	+5	8.5	3.9	6.2	4.7
1135	504	Capital Radio 10p	β	1015	+17	18.0	3.2	2.4	17.3
958	662	Carlton Commnctns	α	801	–4	9.37	♦	1.6	♦
125	95	Do. 6.5p Prf.	γ	107	.....	6.5	–	8.1	–
465	268	Castle Comms. 5p	γ	423	+10	8.5	♦	2.7	♦
823	579	Central ITV	β	760	.....	†25.5	2.5	4.5	11.6
248	123	Chrysalis	γ	141	.....	a3.43	0.1	3.2	–
148	50½	Cityvision 5p	β	146	.....	†0.5	10.1	0.5	28.8
38	10	Classic Th'tres h0.20	γ	12	+1	–	–	–	–
393	258	Compass Group 5p	β	375	–1	9.0	♦	3.3	♦
1025	865	Euro Disneyland Fr10		1002	–7	–	–	–	–
*99	62½	European Leisure	γ	84	–1	91.5	3.1	2.4	16.4
110	56	Ex Lands 10p	γ	58	–1	0.5	–	1.1	–
*117	81	Expeller Leis. 20p	γ	81	–2	–	–	–	27.3
890	437	Fairline Boats 10p	α	828	–15	18.5	4.3	–	10.1
248	149	First Leisure	β	232	.....	†2.93	3.3	1.7	23.5
755	565	GWR Group 20p	γ	585	.....	12.0	♦	2.8	♦
74	45	Grampian TVA 10p	β	71½	.....	†3.0	2.8	5.6	8.2
31	20	Greenwich Comm.	γ	25	–1	–	–	–	–
136	85	HTV Ord.	β	133	+1	5.0	3.7	5.0	6.9
137	68	HI-Tec Sports	γ	72	–1	4.5	2.6	8.3	6.1
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING – Contd

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND – Contd

Finance, Land, etc

WATER

For Water Issues see London Recent Equities

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES – Contd

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock."
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◊ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ✤ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock		Price	+ or –
Albany Inv 20p	γ	91	+1
Craig & Rose £1	γ	850	.....
Finlay Pkg. 5p	γ	58	.....
Holt (Jos) 25p	γ	1346	–5

IRISH

Stock		Price	+ or –
Cap. 8¼% Ln 1991		£96¾	–¼
9pc Cap Ln. 1995		£96	.....
Fin. 13% 97/02		£115	.....
Arnotts		405	.....
Carroll (P.J.)	γ	165d	+2
Hall (R. & H.)		195	.....
Heiton Hldgs	γ	99	.....
IRG		207d	.....
United Drug		165	+1

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5½
BAT	67
BOC Grp	44
BTR	37
Barclays	40
Blue Circle	26
Boots	23
Bowaters	39
Brit Aerospace	45
British Steel	9
Brit Telecom	22
Cadburys	31
Charter Cons	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	8
FNFC	22
Gen Accident	92
GEC	14
Glaxo	60
Grand Met	45
Guardian	13
GKN	23
Hanson	13
Hawker Sidd	55
ICI	95
Jaguar	85
Ladbroke	25
Legal & Gen	32
Lex Service	26
Lloyds Bank	32
Lucas Inds	54
Marks & Spencer	16
Midland Bk	25
Morgan Grenfell	36
Nat West Bk	25
P & O Dfd	51
Polly Peck	58
Racal Elect	20
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	25
Sears	9
Smith Beecham A	45
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Stock	p
Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	15

Oils

Stock	p
Brit Petroleum	35
Burmah Oil	66
Charterhall	2½
Conroy Petlm	9
Premier	10½
Shell	37
Tullow Res	12
Ultramar	28½

Mines

Stock	p
Lonrho	23
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

FINANCIAL TIMES
Weekend January 6/January 7 1990

Bond in talks with potential bidder

By Ray Bashford in London and Bruce Jacques in Sydney

Alan Bond: equity injection would dramatically reduce his 54 per cent stake in Bond Corporation

MR ALAN BOND, the Australian businessman who is fighting for financial survival, appeared last night to have found a potential bidder for control of Bond Corporation, his flagship company, which would dilute significantly his personal stake in the brewing, media and property group.

The company's Perth headquarters confirmed that Mr Bond had held discussions with an unnamed group about an injection of capital. This followed a statement by Weatherby Investments, a US energy and mining company, that it was holding discussions about the purchase of a majority stake in Bond Corp.

The Bond Corp statement issued at midnight Perth time said: "There have been some discussions with the chairman expressing interest in injecting some equity into Bond Corporation."

Earlier yesterday Mr Bond beat one threat to his corporate survival when the West Australian Supreme Court rejected a petition from the State Government Insurance Commission (SGIC) to have Bond Corp placed in provisional liquidation.

Mr Jeff H. Reynolds, chairman of Weatherby, said in Los Angeles that his company was seeking to invest up to A$250m (£125m) in exchange for an undetermined number of ordinary shares which would be issued through a private placement. Weatherby was described as a subsidiary of California Pacific International, a private company incorporated in Singapore.

To gain majority control of Bond Corp, Weatherby would have to reduce Mr Bond's personal holding, a 54 per cent stake.

An injection of A$250m could reduce dramatically Mr Bond's stake, particularly if the new shares are issued at around the 13 cents at which Bond Corp shares were suspended.

Mr Reynolds said Weatherby would attempt to restructure the majority of Bond's troubled debt through a combination of equity and debt placements and the divestment or spin-off of non-core operations, retaining certain brewing, media and natural resource businesses.

Bond Corp assets include full ownership of its Australian and US brewing operations and a 52 per cent stake in its Channel Nine Australian television network.

Meetings between the two sides are expected to take place after the legal proceedings are resolved with National Australia Bank (NAB), which last week had a receiver appointed to the brewing interests in order to recover an A$880m debt. Mr Bond is seeking to have this order rescinded.

Although Mr Bond won a victory in the Western Australian courts, the attack intensified in the the US where noteholders issued a demand for immediate repayment of US$510m. This followed the failure of his brewing unit to make an interest payment.

Bond claims the interest payment was missed purely because a syndicate led by NAB had won a court order placing Bond Brewing Holdings in receivership.

In the receivership action yesterday Mr Graeme Willis, a NAB executive, admitted mistakes in parts of his unsworn affidavit to the Victorian Supreme Court on December 29.

BMW plans car recycling research plant

By Kevin Done, Motor Industry Correspondent, in Detroit

BMW, the West German car maker, is to build a car recycling plant in southern Germany to pioneer research into the increasingly important issue of waste and car scrappage.

Mr Eberhard von Kuenheim, BMW chairman, said that vehicle makers had "a responsibility to their product at the end of the life cycle" in a speech that marked a new level of public acceptance by a motor industry leader of the rapidly growing environmental pressures facing the automotive industry.

The environment was the "greatest single challenge today" facing the automotive industry, he added.

The recycling facility, to be built in Wackersdorf, 100 miles north-east of Munich, would be operational "in a few years," he said.

Addressing the Economic Club of Detroit, on the eve of the North American International Auto Show, Mr von Kuenheim called for co-operation among the world's vehicle makers to develop technology and facilities to dismantle automobiles and re-cycle components.

He said that the planned BMW plant in north-east Bavaria would research and develop "the most rational ways of disassembling our products for the purpose of recycling them." The results of this research would be taken into account in the design of new vehicles.

Automotive engineers should be concerned "not only with the construction, but also with the destruction" of the automobile, he said.

The challenge was to "reduce the need to extract new raw materials from the earth, and to reduce the amount of material of which we must dispose."

BMW was already co-operating with General Electric, of the US, in researching the use of plastics suitable for recycling. It was also planning to initiate talks with other European car makers with the aim of exchanging knowledge of recycling, said Mr von Kuenheim, calling on car makers in other parts of the world to participate in a joint effort.

The car industry believes that environmental legislation will develop in the 1990s from areas such as vehicle emissions, safety and urban congestion to include issues such as waste, scrapping and the use of raw materials.

Mr von Kuenheim said that the motor industry had to be as innovative in developing public policies as in developing new products. Industry should not "wait and see what the governments of the world will do, and then try to respond." Such a passive approach would keep industry "behind the momentum of society."

Scheme for closer monitoring of school pupils

By David Thomas

PARENTS will be able to ask schools to assess their children's progress in a number of ways under plans for a new system of school reports announced yesterday by Mr John MacGregor, Education Secretary.

The Government's plans were unveiled at the end of a week in which Cardinal Basil Hume, head of the Roman Catholic Church in England and Wales, attacked moves to foster competition between schools by increasing the emphasis on test results.

The plans, to be phased in from next year, will oblige schools to issue parents with full reports on pupils' progress under the national curriculum at four benchmark ages – seven, 11, 14 and 16.

Mr MacGregor brushed aside the Cardinal's worries yesterday when he proposed a system of reporting children's progress under the new national curriculum which is almost certain to increase competition between schools.

He told delegates to an educational conference in Newcastle-upon-Tyne that the Government's policies would avoid "a slide into the mediocre standards, second-rate opportunities and second-rate public services that poor performance will otherwise condemn us to."

The new reporting system was immediately attacked by some educationalists because it will not oblige schools to report on children's broader non-academic abilities.

The National Union of Teachers said: "A poorly funded and rushed scheme that concentrated on grades alone – the cheap option – could result in children being issued certificates of failure."

Under the scheme, schools will have to issue parents, at a minimum, with the grades reached by their children at these four ages in the ten national curriculum subjects. Every child must be given several grades in each subject, corresponding to broad groupings of skills or knowledge known as "profile components." Parents will also be able to ask schools for more grades corresponding to their children's progress against "attainment targets."

A seven-year-old is to be graded against more than 30 attainment targets in maths, science and English alone.

Less onerous requirements will be placed on schools to report on pupils' progress at other ages, although there will have to be an annual report on all pupils from age five.

Snow plea

Continued from Page 1

Just under 8 per cent of French people skied in 1988-89, a percentage point down from the previous year and the lowest since 1980-81, according to a survey by INSEE, the national statistics institute published yesterday.

The association, based at Meylan in the Alpine valley of Isère, says there is so little snow that only 550 out of the 4,000 ski-lifts run by its members in the French Alps are now operating.

As a result, 10,000 lift operators and piste staff are either temporarily out of work or have had the start of their winter jobs delayed. More than 1,000 jobs could disappear permanently unless the snow falls soon, warns the association.

The ski-lift owners are asking for state-subsidised loans, plus Government aid for the temporarily jobless. They also want the Government to prepare a major publicity campaign, to be launched as with the first big snowfall, to entice skiers back to the slopes.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Allianz	2583	+	53
Falls			
Bilfinger	680	–	20
Hochtief	1010	–	40
Karstadt	679	–	11
Linde	880	–	20
Varta	430	–	10

NEW YORK ($)			
Rises			
AST Research	14	+	2⅞
Digital Equip	87¼	+	1
Homestake Mng	20	+	¾
IBM	101⅛	+	1⅛
Falls			
Germany Fund	18⅜	–	1⅜
Procter&Gamble	68⅝	–	⅜

New York prices as at 12.30pm.

LONDON (Pence)			
Rises			
Amersham Intl.	393	+	14
BET	262	+	3
Burton Grp.	223	+	6
Cadbury Sch'ps	369½	+	15½
Dagenham Motors	89	+	3
Eng China Clay	477	+	9
Enterprise Oil	661	+	10
Lovell (Y.J.)	244	+	14
RHM	432	+	10
Rechem Env Serv	703	+	10
Volex	283	+	16
WPP	713	+	21
Wassall	215	+	6
Falls			
Anglian Water	162	–	5½
Eurotunnel	683	–	30
Fairline Boats	820	–	15
Higgs & Hill	448	–	11
Lucas Inds	665	–	17
RMC	729	–	15
Shell Trans	485	–	6
Water Package	1605	–	40
Wessex Water	169	–	6
Western Motors	595	–	18
Y'shire Water	167½	–	8½

PARIS (FFrs)			
Rises			
Bancaire Cie	640	+	9
Epeda-Bert.	1400	+	20
Falls			
Bouygues	627	–	19
Essilor	3000	–	10
Fromageries	2565	–	75
Perrier	1843	–	26

TOKYO (Yen)			
Rises			
Kawai Musical	1320	+	110
Nippon Beet	1530	+	110
Nitchitsu	1770	+	120
Yomeishu Seizo	2600	+	170
Falls			
Tokyo Hotel	2720	–	210
Wakachiku	2550	–	500

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	15	59	Dallas †	F	3	37	Madeira	C	17	63	Prague	Sn	-5	23
Algiers	C	14	57	Dublin	F	11	52	Madrid	S	8	46	Reykjavik	C	3	37
Amsterdam	C	5	41	Dubrovnik	S	9	48	Majorca	S	14	57	Rhodes	S	10	50
Athens	F	4	39	Edinburgh	S	7	45	Malaga	F	15	59	Rio d'Janeiro		–	–
Bahrain	S	20	68	Faro	C	13	55	Malta	C	14	57	Rome	S	9	48
Barcelona	S	13	55	Florence	S	9	48	Manchester	S	9	48	Salzburg	F	0	32
Belfast	C	6	43	Frankfurt	C	0	32	Melbourne	S	18	64	S'Francisco †	S	6	43
Belgrade	S	-3	27	Geneva	C	-2	28	Mexico City		–	–	Santiago		–	–
Berlin	Sn	0	32	Gibraltar	S	16	61	Miami †	C	23	73	Seoul	Sn	9	48
Biarritz	S	17	63	Glasgow	C	8	46	Milan	Fg	-2	28	Singapore		–	–
Birmingham	C	8	46	Guernsey	C	9	48	Montreal †		–	–	Stockholm	C	-1	30
Blackpool	C	9	48	Helsinki	C	-1	30	Moscow	Sn	-10	14	Strasbourg	C	7	34
Bombay	S	32	90	Hong Kong	F	18	64	Munich	C	2	36	Sydney	S	23	73
Bordeaux	S	8	46	Innsbruck	F	-1	30	Nairobi		–	–	Tangier	S	15	59
Boulogne	C	4	39	Inverness	S	6	43	Naples	S	10	50	Tel Aviv	R	13	55
Bristol	C	11	52	Isle of Man	C	10	50	Nassau		–	–	Tenerife	C	19	66
Brussels	C	3	37	Istanbul	C	1	34	Newcastle	C	8	46	Tokyo	S	10	50
Buenos Aires		–	–	Jersey	C	8	46	New Delhi	S	15	59	Toronto †	F	-3	27
Budapest	S	-2	28	Johannesburg	S	26	79	New York †	S	4	39	Tunis	C	15	59
Cairo	C	17	63	Las Palmas	C	17	63	Nice	S	10	50	Valencia	S	13	55
Cape Town	S	25	77	Leeds	F	9	48	Nicosia	S	15	59	Venice	S	1	34
Cardiff	C	10	50	Lisbon	Fg	11	52	Oporto	C	12	54	Vienna	F	-4	25
Chicago †	S	-6	21	Locarno	S	2	36	Oslo	C	0	32	Warsaw	S	-1	30
Cologne	C	3	37	London	C	9	48	Paris	Fg	2	36	Washington †	F	7	45
Copenhagen	C	1	34	Los Angeles †	S	8	46	Peking	S	4	39	Wellington	S	20	68
Corfu	S	13	55	Luxembourg	Dr	0	32	Perth	S	25	77	Zurich	C	0	32

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

MMC to probe two large water stakes

By Andrew Hill

THE Government yesterday underlined its opposition to further concentration of ownership in the water industry when it referred the acquisition of two large stakes in statutory water companies to the Monopolies and Mergers Commission.

The MMC will investigate last February's purchase of a stake in Mid-Sussex Water Company by Southern Water, one of the 10 former water authorities which were privatised last month.

The commission will also look into stakebuilding in Mid Kent Water Company by Compagnie Générale des Eaux, France's largest water supplier, which doubled its holding to 29.9 per cent in March last year. Mid Kent later restructured to become a public limited company, after overcoming objections from French shareholders.

The 29 statutory water companies have always been part of the private sector and supply water alongside the 10 larger water and sewage businesses.

If the MMC finds the share purchases are against the public interest, the two buyers will be given time to reduce their stakes to the original level.

The move has baffled the industry and irritated Southern, which increased its stake in Mid-Sussex to 25 per cent after another French water supplier – the Bouygues subsidiary SAUR Water Services – gained control of the private company early last year. Southern wanted to continue a close association with the water company and also owns 25 per cent stakes in three other French-controlled statutory companies in its area.

Mr Martyn Webster, Southern's finance director, said yesterday: "We don't understand the Government's logic on this. If the MMC doesn't find in our favour, only SAUR will want to buy the Mid-Sussex shares – that's hardly preventing concentration of ownership."

In the last two to three years, 12 of the statutory water companies have agreed to bids from France's three largest water suppliers. The 10 former authorities are protected from takeover by a special government share which lasts for five years, unless waived.

A year ago, the Government introduced a clause to the Water Act allowing automatic MMC investigation of mergers between water companies which each had assets of more than £30m. Yesterday was the deadline for announcement of retrospective MMC investigations under the Act.

The MMC is already looking at proposals for a merger between three statutory water companies north of London. The report, which analysts believe could set important precedents for the industry, has been delayed until February 12.

Southern claims that at the time it increased its stake in Mid-Sussex from 15 per cent to 25 per cent the company had assets of less than £30m, but the main debate with the MMC, which has to report by April 12 on these stakes, should centre on what level of shareholding constitutes "control" of a water company.

The Government wants to preserve as many independent water companies as possible so that the Director General of Water Services, who regulates water charges, can compare the service provided by the regional monopolies.

Taylor Woodrow in Thames Water link, Page 4

Gorbachev

Continued from Page 1

tion," he said. "We have to change to a system of free prices. It is not enough to create a market. We have to create a situation of competition."

As a member of the Congress of People's Deputies, he has been an outspoken critic of the Soviet Government's failure to curb its budget deficit, and pushed through drastic cuts in the huge state construction sector.

Recently, he has been most prominent as an advocate of introducing a parallel convertible rouble, for foreign investors and payments for import substitution, in an attempt to restore some faith in the Soviet currency.

In a recent interview in Argumenti i Fakti, the popular weekly newspaper, he said a "civilised goods market" was essential to restore any value to the rouble, but the idea of creating a genuine market had always been regarded as "against Marxism."

"We have to transfer to a hard currency," he said. "It is absolutely necessary for the market. We should introduce a parallel currency which would serve those spheres where real market relations are already operating."

That would include joint ventures, and any enterprise producing import substitutes, including farms producing grain in excess of their plan targets to reduce food imports.

Eventually, he believes, the new hard currency would force out the devalued soft roubles.

Prof Petrakov appears to be taking the place of Mr Ivan Frolov, the new editor of Pravda, in Mr Gorbachev's four-man team of personal advisers.

THE LEX COLUMN

The key is in the currencies

The new decade has got off to a tempestuous start. Given that most of the big players in world markets were either on holiday or still recovering for much of the week, the gyrations in the foreign exchange and the securities markets have been all the more baffling. The initial euphoria which had sent most of the world's stock markets to new peaks had almost vanished by the weekend, as a more sober assessment of the message from the bond markets and the foreign exchanges began to take hold.

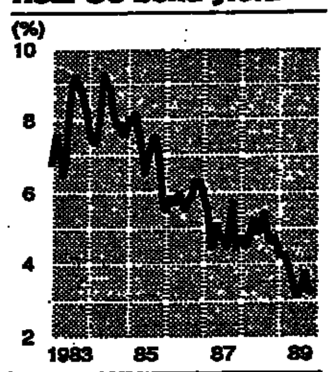
The UK and US equity markets have been helped by a combination of factors. The strength of Asia Pacific and continental European markets, a hope that interest rates would fall sooner than expected and a feeling that perhaps the economic slowdown was not going to be so severe after all diverted attention away from the lurking problems of the corporate sector. But these are unlikely to be ignored for long, barring a lucky combination of circumstances which will allow further falls in interest rates without reawakening inflationary presures.

For the moment, the key to where global equity markets will go probably lies with the foreign exchange markets. The sharp rise in French interest rates since Christmas Eve is a sign of the significant tensions within the European monetary system.

If the European and Asia Pacific economies remain buoyant, the tensions should not have too detrimental an effect on equity markets. But if countries persist in using interest rates to achieve individual exchange rate policies, much of the optimism which has gripped global equity markets over the last couple of months will quickly disappear.

FT Index fell 8.5 to 1,948.8

Real US bond yield



Eurotunnel

The news that both Eurotunnel and TML are considering going to arbitration over cost disagreements highlights the difficulties in valuing the project's investment potential. The outline of the deal, set to be announced next week, seems to involve a cost level somewhere between the company's £7bn estimate and the £7.5bn predicted by the contractors, thanks to a reduction in the tunnel's specifications. But investors may be disinclined to rejoice.

The greater Mr Morton's triumph in forcing the contractors' estimates back down towards £7bn, the greater the suspicion that costs will overrun once more. And to the extent that specifications on, say, speed are cut, there may be some loss of revenues.

Investors may be confident that the tunnel will be built; but they still have to fork out £350m for a project which they thought they had already funded – and they face a wait until about 1998 for a dividend. After then, the cash flows should make the mouth water, even if one feels uneasy that the company has managed to increase its revenue forecasts for 2003 by 78 per cent since the prospectus. Assuming a deal on costs can be made, buying Eurotunnel is almost like purchasing a call option on the European travel industry in the 21st century – which may explain the volatility of the share price.

Oil

Some of the factors which prompted the Brent crude price to top $22 a barrel this week may be temporary, but that does not mean the market will lose all its gains. After each recent peak, expectations of the floor have shifted slightly higher, from $12-$13 a barrel in early 1989 to $16-$17

The cold snap in the US which both increased demand for heating oil and reduced refinery utilisation has produced only the latest in a series of unexpected jumps in price.

The cumulative effect seems likely to be a greater willingness for customers to hold stocks and thereby avoid future shocks. There is support on the supply side; oil exports from the Soviet Union may have fallen by as much as 1m barrels a day and current political turmoil will not help a return to normal.

The implications of the latest price strength have certainly been absorbed by one sector of the stock market – the oil sector has risen by over 10 per cent relative to the market since early 1989. But the rest of the market seems not to have noticed.

Although yesterday's rise at the petrol pumps adds only 0.1 per cent to inflation, any pressure from commodity prices, added to a falling pound, makes the government's economic task more difficult. Already the pessimists are talking of December year-on-year inflation back at 8 per cent, falling to 7.9 per cent this month and staying above 7.5 per cent until the Budget.

Lovell/Higgs

You can read the runes more than one way. The 14p lift in Y J Lovell's share price yesterday, as it raised its bid for fellow-contractor and housebuilder Higgs and Hill to £4.79 per share, seems to point to an escape for Higgs. If it pays the £160m or so for Higgs which its raised bid implies, Lovell could end up with net gearing of more than 90 per cent, including off-balance sheet debt. Not an enticing prospect for a contractor/developer on the brink of what could still be a choppy 1990. Hence the rise in Lovell's shares and the 11p fall in Higgs's to £4.48 suggest the market thinks the bid is still too low and will fail.

Price is scarcely the only issue, given that Higgs's shareholders would be left with 44 per cent of a combined Lovell/Higgs empire. There also remains unresolved scepticism about Lovell's thinking. Rationalisation at the smaller end of the UK contracting sector is logical, but the idea it will come about via mergers of equals is suspect.

One must go back many years to see such a union; the most recent attempt, Lilley's bid for Tilbury, was abortive, albeit narrowly so. Niche acquisitions of smallish groups by bigger players, such as Amec's of Matthew Hall, seem more likely; so too do Anglo-European cross-holdings and joint ventures. Hence the stock market may sense that a French or German builder might take a more expensive crack at Higgs

Not that one should write off the bid when the timetable has a fortnight to run. At £4.79 per share on Lovell's closing share price last night, the offer is not in the goal area; a fair price for Higgs looks to be at least £4.90. But at least Lovell is across the half-way line.

Weekend FT

SECTION II

Weekend January 6/January 7, 1990

The Third Age

This special issue of the Weekend FT investigates the challenges and opportunities – personal, professional and financial – of the period in our lives now described as the Third Age . . . the years of our full maturity. ***Christian Tyler*** *sets the scene*

David Bromley

● Preparing for retirement: III ● Pensions and you: V ● Coping with gardens: VIII ● Portfolio man: X
● Time of plenty: XI ● Beating wrinkles: XIII ● Travel for over-60s: XIV ● Sport: happy veterans: XVIII

The Middle Ages of Britain

Britain has looked at itself in the demographic mirror and discovered a middle-aged spread. As we shuffle towards the second millenium, that discovery will impinge ever more forcefully on the way people live in the UK and in all other rich Western countries.

Should we celebrate or should we repine? Like the middle-aged man or woman contemplating their profile from the bathroom scales, our first reaction is one of foreboding and regret. Yet, there is a lot to which we can look forward.

The fact that the population is getting so much older will certainly create some problems and some expense. But it will also create opportunities. This demographic change (a "time bomb," according to the speech-writers) is taking place at a time of great technical progress – the speed and skill of computers, the proliferation of communications – and the breakdown of the old pattern of education, work, career and retirement.

Overall, there will be no shortage of people to do the work: but the kind of work they do, the way in which they do it, and the time they have to spend doing it could alter wonderfully. In turn, our habits of mind, our values – even the language we use – could change.

William Shakespeare divided man's life into seven ages. Today, we are urged to think in terms of four. First comes childhood dependency and basic education; then comes work, marriage and children. The Third Age arrives when the children have left home and is an opportunity for self-expression and new occupations; the fourth age (usually very brief) is dependent old age. Britain will be one of the first countries in the world to have a large, even dominant, proportion of its citizens in their Third Age. **Continued on Page X**

The Long View

Paying dearly for Norman's knighthood

MICHAEL PROWSE

Personal pensions were the fad of the late 1980s, but Michael Prowse doubts whether they will provide security for tomorrow's pensioners

CABINET ministers come and go, but few make a lasting impression on national life. Norman Fowler, who resigned as Employment Secretary this week, was a curious exception. As Social Services Secretary in the mid-1980s, he neutered the State Earnings Related Pension Scheme (Serps) and promoted personal pensions. In the process, he decisively altered the retirement prospects of millions of Britons.

Pensions are a notoriously unpopular subject. Yet as the average age of retirement declines and life expectancy rises, they are assuming ever greater importance. People's ability to enjoy an expanding Third Age of life – the period after parenting/career and before eventual dotage – will be largely dependent on the financial resources at their command. Surveys suggest many people want a retirement income of about three-quarters final salary. Alas, most will fall far short.

In many instances, Third Age austerity will be a direct consequence of the Fowler "reforms." During the 1970s, a bipartisan agreement on pensions was laboriously forged. Both political parties recognised that the basic old age pension, even if uprated in line with earnings, would not provide an adequate retirement income. Something extra was needed for the millions who did not enjoy the relative security of a salary-linked occupational pension. Serps was the solution: an earnings-related supplementary pension organised by the state rather than individual companies.

By 1985, having already axed the link between earnings and the basic pension, the Thatcher Government was bold enough to propose the abolition of Serps. Fowler claimed the scheme would put an unacceptable strain on taxpayers in the 21st century. Its privatisation was also seen as a marvellous opportunity to promote "popular capitalism."

In the mid-1980s, worries about the economic consequences of ageing populations were being voiced in several industrial countries. The OECD and other conservative organisations had began to publish alarmist articles about the need for retrenchment. The case for a drastic pruning of Serps thus looked plausible.

In fact, the argument was pretty weak. The ageing expected in Britain is quite modest by international standards. In West Germany, for example, the proportion of over-65s in the population will rise substantially between 1989 and 2010; in the UK it is expected to decline. Britain will be at its greyest in 2040, but even then the over-65s will account for only about 20 per cent of the population - a five percentage point increase over 60 years.

The UK's starting point is also relevant. In 1985, it spent only 7½ per cent of national income on state pensions – compared with over 8 per cent in the free market US (which has a younger population) and around 14 per cent in France and West Germany. Nor was the original Serps wildly extravagant: it offered an indexed pension equivalent to *one quarter* of an individual's earnings in his best 20 years. The scheme applied only to earnings below the national insurance contribution ceiling, currently a modest £325 a week.

In the event, Fowler shrank from abolishing Serps. But future liabilities to taxpayers (and hence benefits to members) were cut by at least 50 per cent. A bribe equivalent to 2 per cent of allowable earnings was also offered to those contracting out of the scheme and investing in a personal pension. From the Government's view, these policies were resoundingly successful.

Sales of personal pensions have greatly exceeded ministerial expectations. Since July 1988, about 3m people have abandoned the state scheme for the private sector. This has been a boon for insurance companies but a headache for the Treasury, because the incentive payments (to be paid until 1993) have cost far more than expected – expenditure has probably already exceeded £1bn.

The spread of personal pensions is hailed as a glorious expansion of popular capitalism. Yet the proportion of people retaining control over their portfolios is tiny. In reality the Government has provided artificial incentives for yet another form of institutional investment. In doing so, it has undermined the long-run financial security of many individuals.

The majority of those who have contracted out of Serps appear to have bought the cheapest possible personal pension: they have simply invested their national insurance rebate and the Government's bribe and added no new money. They have also unwittingly paid very high (but undeclared) administration charges, perhaps up to 20 per cent of the total premium. Pre-Fowler Serps would have offered a far better pension for most of these unfortunates.

The original Serps had all the virtues of a good pension scheme. It offered exceptionally low administration costs, job mobility and maximum security in old age. Nothing in the private sector can match this combination of virtues. Final salary schemes penalise early leavers and (to their lasting disgrace) still fail to index pensions in payments.

Personal pensions offer mobility but are expensive to administer and offer little security: investors have no idea what benefits their contributions will eventually buy. Admirers should note that few members of good corporate schemes have opted for personal plans and that no civil servants are pleading for the winding-up of their generous index-linked state pensions (which strangely escaped the Government's axe).

In promoting this crude form of "piggy bank" saving, Fowler has put the pensions clock back half a century. As he enters his Third Age, he gains a knighthood but not, I fear, the eventual respect of tommorow's pensioners.

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■ Next week, after five years editing the Weekend FT, J.D.F. Jones will hand over to Max Wilkinson

MARKETS

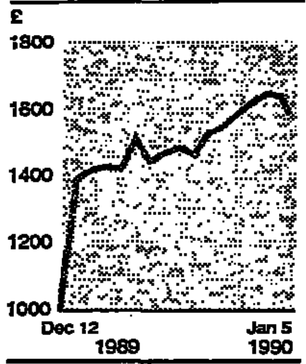
FINANCE & THE FAMILY: THIS WEEK

Planning for the Third Age

The so-called Third Age presents a whole host of issues — and potential benefits — for the large number of people involved. Family and Finance writers assess what is involved and advise on how best to benefit from the impending demographic shift. The key message is: start planning now if you hope to reap the full benefit. **Pages III, IV and V**

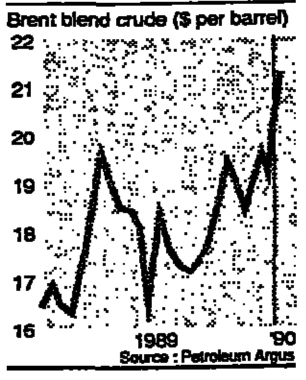
■ **BRIEFCASE:** Shares transfer to son: **Page VI**

Water package units



Oil price

Brent blend crude ($ per barrel)



Source : Petroleum Argus

Sparkling performance by water stocks

The continuing sparkling performances of the 10 water stocks and the Water Package Units which made their stock market debuts on December 12 was a feature of trading in London's securities market this week. However, there was an element of uncertainty yesterday as Nicholas Ridley, the Trade Secretary, announced that he had referred the takeover of Mid-Kent Water by Generale des Eaux of France and the acquisition of Mid-Sussex Water by Southern Water to the Monopolies Commission.

Analysts are waiting for news of any further stakebuilding by French companies. Within a week of the market debuts of the water stocks Lyonnaise des Eaux revealed it had acquired a holding of 9 per cent in Anglian Water, a 6 per cent stake in Wessex Water and a 2 per cent holding in Severn Trent Water. Thames Water shares were boosted by being included in the FT-SE 00-share index. *Stephen Thompson*

Four-year peak for oil prices

Oil prices hit a four year peak on Wednesday when cargoes of Brent crude rose to S21.975 a barrel. The strength of the market has been due to a number of special factors, including the extremely cold spell in the US, the unscheduled shutdown of some American refineries, and tight supplies of Brent oil, the most widely-traded international crude. Although there are fears that the jump in prices will force up the cost of petrol and other fuels, it is widely expected in the industry that crude prices will weaken later this month, helped by warmer weather conditions in the US. Production within the Opec oil producing nations has also been strong recently. *Terry Dodsworth*

Mortgage rates 'to fall'

Mortgage rates are set to fall during 1990, according to a poll of the leading building societies by *Mortgage Magazine*. The steepest decline was forecast by NatWest, Britain's largest bank, which said that rates would be down to 12 per cent by the end of the year, against 14.5 per cent at present — representing a saving of £77 a month on a typical £50,000 mortgage. Halifax, the country's biggest lender, is predicting a drop to 13 per cent. Lower rates are widely expected to lead to the end of the current slump in the housing market. *T.D*

Abbey habit — on Saturday

Abbey National is launching a new all-day Saturday service at 150 of its busier offices from today. Customers will be provided with a full service, including cash transactions, until 4 pm in the afternoon at branches generally located in busy shopping centres. The company's 525 other branches will continue with their existing Saturday arrangements, with the majority being open until noon. *T.D*

Lloyds offers mortgage discount

Lloyds Bank is aiming to help first-time home buyers with a 2 per cent discount on endowment and pension mortgages until March 30 1991. To qualify for the discount, mortgages must be supported by a Black Horse Life Endowment or pension policy, and a Lloyds Bank Home Insurance buildings cover. Buyers must also have a banking relationship with Lloyds. The bank says that it has been able to give the discount, which is aimed at increasing its market share among first-time buyers, because it will effectively give back the commissions on its endowment and insurance policies to its customers. *T.D*

Investor protection improved

An important step forward in investor protection this week was the introduction, at the insistence of the Securities and Investments Board, of a Buyer's Guide in life assurance selling. Now all intermediaries and salesmen, whatever their status, must at the outset of any sale, present clients with a copy of the Guide for retention and allow them to read it before proceeding with the sale.

The Guide is only one page in length, and sets out the status of the salesman — whether he is independent or the representative of one life company or unit trust group. It then goes on to set out the rights of the clients — what information they should receive; what the salesman must explain when selling a product; and the right to a "cooling-off" period during which the client can change his mind. *Eric Short.*

LONDON

A slightly happier New Year

IF THE CITY made a resolution on New Year's Day, it was not "I must go to work tomorrow." The Square Mile that participated in the smashing of the record FT-SE 100 index high on Wednesday was half deserted. Those who made it to work also saw most of the gains lost as London tracked Wall Steet lower in the absence of significant UK economic and corporate figures.

While local publicans and restauranteurs waited in vain for their premises to fill up, analysts busied themselves listing the reasons for the initial rise. Shares traditionally do well in January, partly because institutions have money to play with. Some fund managers were also nervous of a repeat of 1989, when many of their number were left out of the early bull market. Caution in the wake of October's mini-crash has left many with more cash in their portfolios than usual

Their confidence was helped by John Major, the Chancellor of the Exchequer, who presented a reassuring new year exposition of the Government's view of the health of the economy and the share tips for 1990 from the press and securities houses. Then some retailers released figures suggesting that the pre-Christmas business had not been as dull feared.

Within minutes of the start of a new decade's trading, the FT-SE 100 index was 20 points higher and flirting with the 2½ year old closing high. At the narrowest possible margin below that magic figure the market turned tail, perhaps abashed by its own audacity or fearful of the wrath of chartists.

Such inhibitions had been overcome by Wednesday. Encouraged by an upbeat survey in the Financial Times of 22 economic forecasting groups, the market swept into unknown territory. The Footsie opened nearly eight points above the closing peak reached on July 16 1987. It continued to rise, passing the trading peak of 2455.2 to close at 2463.7, an improvement of 29.6 on the day.

Dealers were also excited by an increase in trading volume.

'Shares traditionally do well in January, partly because institutions have money to play with'

Much of the bull market of 1989, and especially after October's mini-crash, was attributed to a shortage of stock. Cautious marketmakers did not want to hold on to, or to go short of, blocks of stock. So a small buy order would leave one dealer desperate to re-balance his position. Trading volume remained low last year to the discomfort of securities houses whose income depends partly on the level of trade. By contrast, Wednesday's and Thursday's volumes were well up on typical levels of 1989. This was reflected in a whiff of buying interest in quoted companies with marketmaking operations such as S G Warburg, Kleinwort Benson and and Smith New Court.

Some analysts were caught up in the heady atmosphere and speculated on how much further the Footsie might go. Figures of 3,000 by the end of the year and 5,000 for the turn of the millennium were being bandied about. But if anyone entertained thoughts that only bulls had turned up for duty last week, they were soon jolted out of their reverie.

London's fall on Thursday and Friday was prompted by weakness on Wall Street. Since October, London has not tracked New York closely. But in the absence of much in the way of corporate profits news or economic indicators last week, the link was forged again. Falls in Tokyo did not boost confidence either, although London was reluctant to be as sensitive as the Japanese to Mikhail Gorbachev's cancellation of talks with foreign politicians.

A flurry of takeover activity did little to change sentiment. The Saudi Group Jameel made the decade's first hostile bid offering £151.3m for Hartwell, the Oxford-based motor, oil and property company. Jameel raided the market for stock through its broker James Capel and lifted its stake in the company to 22 per cent of the ordinary shares and 37.8 per cent of the preference shares. Hartwell said the 136p a share offer was "wholly unwelcome and wholly unacceptable."

A similar reaction came from the board of Higgs and Hill, the construction group. It issued a defence document against a 410p a share offer from rival YJ Lovell and repeated its rejection when Lovell increased the offer by 60p a share yesterday. The market was unequivocal in its response too, marking Higgs and Hill down to 448p, indicating it believed the new offer to be adequate.

Even when all resistance to a bid evaporates, the going can be far from smooth, as BET, the conglomerate, found. Adia, the Swiss employment agency, threw in the towel in its battle for rival Hestair, which has recommended BET's £192m cash bid to its shareholders. But BET shares fell on the news, hurt by worries over a further diversification of the company's activities.

Two dismal sets of interim figures thrust chartered surveyors into unaccustomed limelight. City surveyor Baker Harris Saunders, suffered a sharp fall in profits from £1.93m to £609,000 on flat turnover. Savills, which also has an estate agency business and relies less on City property, revealed a 24 per cent decline in profit to £2.94m. Baker Harris shares ended the week 37 lower at 78p, while Savills shed 3 to 80p.

The insurance sector did not fare well either. Shares had been buoyed for weeks by talk of a "big bid." But the offer in the last week of 1989 for the unquoted UK insurer General Portfolio from the French insurer GAN, worth effectively £300m, was not big enough. Insurance leaders showed double figure falls on the week.

Retailers benefited from hopes that Christmas trading had been better than expected. The quality stores remained the most popular. Marks and Spencer ended the week 9½ better at 210p, while persistent demand for narrowly held Body Shop pushed the shares up 53 to 640p.

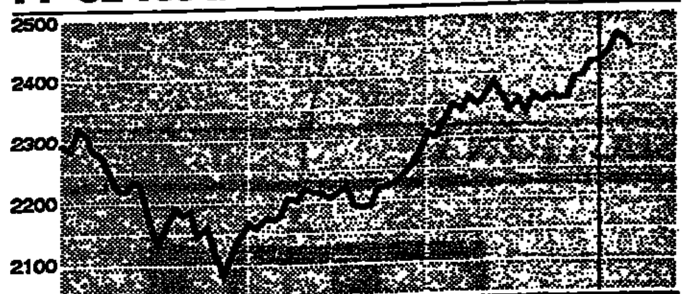
Analysts and marketmakers finished the week in cautious mood. "This year's January bull market happened in December," said one. There are no important economic or corporate figures due next week. So when the rest of the City' toilers return to work on Monday they are likely to find themselves waiting for Wall Street, or possibly Tokyo to give them a lead.

Daniel Green

HIGHLIGHTS OF THE WEEK

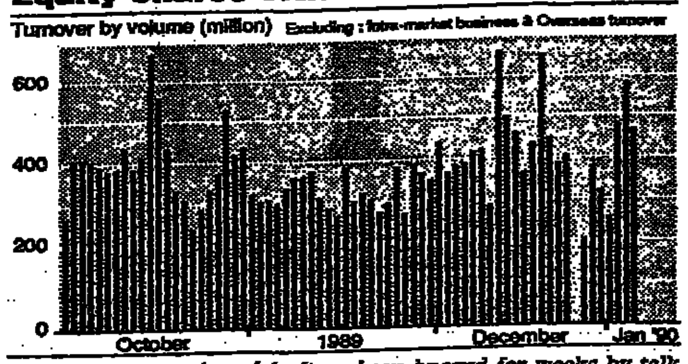
	Price y'day	Change on week	1989/90 High	1989/90 Low	
FT-SE 100 Index	2444.5	+21.8	2463.7	1782.8	Global markets trend
Body Shop	640	+53	651	240	Stores recover/ Stock shortage
British Aerospace	580	-25	745	420	Rumours of rights issue
Cadbury Schweppes	369½	+23½	495	319	Unilever bid talk
Calor	396	-22	454	372	Brokers' downgradings
Eurotunnel Units	683	+78	1172	376	End likely for row over tunnel costs
Fairline Boats	820	+127	890	437	In bid talks
Federated Housing	98	+30	277	68	Buoyant housebuilders
Guinness	657	-29	689	329	Profit-taking
Hartwell	139	+21	143	78	Bid target
Laing (J) A	291	+32	370	170	Buoyant housebuilders
Midland Bank	389	-10	406	287	Doubts over possible HK bank merger
Royal Insurance	540	-39	588	382	Bid hopes fade
STC	284	+19	394	235	ICI. stake sale speculation
Trafalgar House	374	+34	422	288½	Growth prospects and bid talk

FT-SE 100 Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



WALL STREET

Not quite the Golden Age

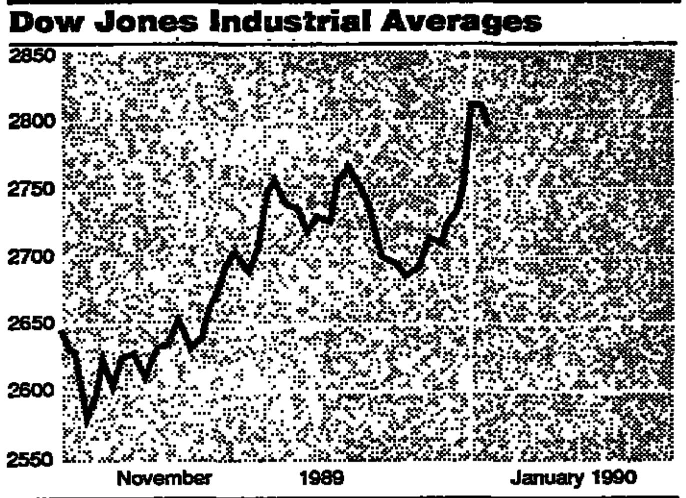
ON TO 3,000! This cry of triumph has yet to be heard on Wall Street, despite the spectacular breach of the 2,800 mark on the Dow Jones Industrial Average in the first trading day of the new decade. In fact, the brokers and traders are suddenly talking much more about a "near-term consolidation" than about the boundless opportunities of the new Golden Age.

The unaccustomed reticence and hesitation in the investment community strongly suggests that further gains are in store in the near future, before the widely-expected correction sets in. In fact, on a technical basis, the decisive break through the Dow's resistance level of 2,760 and then through the record high 2,791 has probably established a fairly firm floor for the market between 2,760 and 2,800. This range has been tested repeatedly in the three days of trading since Tuesday's rally. Each day the bears and programme traders have tried to push the market sharply downwards and each time the retreats have been reversed at around 2,770.

Assuming this floor continues to withstand the bearish sorties, the next objective on the upside is Wednesday's intra-day high of 2,830 to 2,840, the chartists say. Beyond that, there is of course 2,900. But it is significant and encouraging that almost nobody on Wall Street seems to be mentioning this figure, to say nothing of the magical 3,000 mark on the Dow.

This anecdotal impression of temporary caution has been confirmed in recent days by more scientific measurements of investor sentiment. Investors Intelligence, a company which surveys market forecasts by investment advisers, reported on Thursday that only 49.6 per cent were bullish, down sharply from the 55 per cent plus readings recorded in the previous two months, while 13.2 per cent were looking for a correction and 37.2 per cent were outright bears. This was the highest proportion since May last year, when the Dow was at 2,350 and about to take off on a three-months-long 400-point advance.

Dow Jones Industrial Averages



Apart from technical and emotional considerations, there was another important positive factor in last week's market performance. Technology and industrial stocks far outperformed the over-extended consumer growth stocks and utilities which had been leading the market's advance throughout the last 12 months. For once, IBM turned in the week's star performance, gaining 7.4 per cent on the week to trade at $101-1/8 yesterday lunchtime. By contrast the "infallible" growth stocks such as Philip Morris, 83 Procter & Gamble and Coca-Cola were all down on the week, despite the 2 per cent advance in the market as a whole.

The best hope for a sustainable bull market in US equities has long appeared to be a transformation in the market's leadership. Unless the industrial and technology stocks took over from over-extended sectors like consumer staples, entertainment, health care and, more recently, energy and utility companies, the market would become increasingly speculative and vulnerable to the kind of collapse foreshadowed by the UAL fiasco on October 13.

In retrospect this argument turns out to have been premature. The technology and industrial stocks have made several attempts since the summer to move ahead, but each time the rallies have fizzled yet the market as a whole has continued to forge ahead.

More recently, however, concern about the excessive prices of non-cyclical growth stocks has begun to spread around Wall Street. Some analysts are even starting to question the supposed immunity of some of these companies' profits to an economic slowdown. It seems less and less likely, therefore, that the bull market can continue to be powered ahead by shares which are already selling for 15, 20 or even 25 times their prospective earnings for 1990.

The recent relative gains of the technology and industrial stocks, which are still selling for 10 times prospective earnings or less, are extremely encouraging for this reason.

This healthy pattern does, however, pose a supremely important question, which will probably determine the market's fate for the rest of this year: will the US economy's performance justify the widespread expectation that corporate profits will bottom out during the current quarter and start improving strongly again by the second half of this year?

Despite all the apparent gloom about a near-recession this year, the fact is that Wall Street analysts believe that the worst is already over for the US corporate sector. This is clearly revealed by the Institutional Brokers Estimates System consensus forecasts this month, which show that industry analysts expect a 15.4 per cent jump in earnings per share this year for the Standard & Poor's 500. This compares with an estimated 1.4 per cent decline in 1989. It appears, therefore, that there is plenty of room for disappointment if the economy proves weaker than expected, even if it does not fall into a recession. Indeed, the first signs of disillusionment could come in the second half of this month, as the quarterly results season gets under way. But in the market's current mood, this may still leave enough time for an emotional assault on 2,900 before the realism sets in.

	Closed	
Monday		
Tuesday	2810.15	+ 56.95
Wednesday	2809.73	– 0.42
Thursday	2796.08	– 13.65

Anatole Kaletsky

JUNIOR MARKETS

Big changes on the way

IF THE New Year is a season for shaking up the status quo, big changes in the organisation of the junior markets which are now looming come at a particularly timely moment.

The Stock Exchange's October consultative document on a restructuring of the markets is now thought to have met with general approval. So it is now widely expected that a unification of the Unlisted Securities Market and the Third Market, involving a reduction in the minimum trading record required for entry to the USM from three to two years, will shortly come into effect broadly as envisaged in the document. This has created the greatest uncertainty about the future of the USM in 10 years.

On the one hand, the USM may benefit from publicity associated with the changes On the other hand, some fear that a merger with the Third Market, the arena for younger and smaller companies that has not commanded the same respect, will lower the prestige of the combined market.

But all these doubts may be a little premature. The Stock Exchange expects the merger to be completed early next month. But its council has not yet endorsed the new structure, nor has a report on responses to the consultative document been submitted to it.

Perception of the new market's quality could have an important bearing on the volume of new issues launched on to it: a matter of some concern given the dwindling numbers of would-be entrants in 1989, which fell to the lowest level since 1982, according to the accountant KPMG Peat Marwick McLintock.

Just 67 companies joined the market, against 87 in 1988, to raise between them a measly £147m — less than half the previous year's £303m.

The decline mirrors the fall in the number of companies listing their shares on the main market as well — down nearly 30 per cent at 71, even after being boosted by the 10 separate flotations of the water companies.

The fall from favour of small companies in the secondary market last year has also been well documented. The phenomenon is commonly ascribed, first, to the fact that big company stocks were pushed ahead by buoyant takeover speculation. Then as the year wore on, concerns increased about the impact of the worsening UK economic outlook and rises in UK interest rates on smaller companies.

All in all, concludes Ray Mackie, head of new issues at KPMG Peat Marwick, it is more a matter for remark that USM new issue volume was as buoyant as it was than that it fell so steeply.

There is no single explanation of this relative resilience, though it obviously shows that there were quite a few small businesses around in the UK last year which had flourished sufficiently to have become float-worthy.

The time-lapse of up to six months between a company conceiving of floating, and actually reaching the market, will certainly have played a part. KPMG Peat Marwick's figures show a falling off in USM new issue volume towards the end of the year, presumably as worries among sponsors about interest rates squeeze hotted up.

On the outlook for new issues in the current year, KPMG Peat Marwick's Ray Mackie declares himself optimistic. First, he believes that sponsors have now grown accustomed to seeing high UK interest rates — and in any case the idea is growing the next move in rates will be downwards.

He is one of those who think the merging of the junior markets should be beneficial. "They should stimulate interest in new issue activity while at the same time making it easier for companies to enter the market," he says.

But Geoffrey Douglas, USM analyst at the broker, Hoare Govett, has a nagging worry. This is that the reduction in the required trading record from three to two years could unleash a flood of Third Market-type businesses onto the USM. This in turn could deter those better-established companies who would otherwise have joined, and send them fleeing to the main market or even abandoning the idea of floating altogether.

Oddly, the Third Market, always previously regarded as a flop in terms of new issue volume, has attracted a rash of new entrants in recent weeks. Though no new issues other than those already in the pipeline have been allowed since the end of December, this week saw no less than four introductions (the simple route to flotation whereby shares become quoted but no new ones issued) executed.

As part of the transitional arrangements for the junior markets, existing Third Market constituents (provided they have two-year trading records) are to be allowed a year during which they will be able to join the USM. Their route will be easier and cheaper route than that for outsiders.

The suspicion must be that the sudden popularity of the Third Market in its twilight weeks owes much to awareness of this advantage.

Clare Pearson

Aristocratic traditions in the auction houses

IF CHRISTIES International, the auction house, ever comes under the hammer, the bidders will have to negotiate with auctioneers of formidable diplomatic and political experience.

Christies' chairman is Lord Carrington, whose curriculum vitae includes the posts of UK Foreign Secretary and Secretary-General of NATO, and this week the auction house added a distinguished French diplomat to its board.

Emmanuel de Margerie, who retired as France's ambassador to the US before Christmas, is the new chairman of Christie's Europe, and will head the auction house's assault on the European market.

The presence of a titled ancien régime at the head of the big international auction houses is neither new nor unusual.

Sotheby's Holdings, Christies' main rival and the only other quoted auction house, counts Lord Blakenham and Lord Gowrie among its directors, and is advised by a board which includes Baron Hans Heinrich Thyssen-Bornemisza de Kaszon and Her Royal Highness The Infanta Pilar de Borbón, the Duchess of Badajoz.

But the urbane, aristocratic tradition epitomised by Lord Carrington, has been matched in recent years by the growth of a nouveau régime of art investors, particularly from Japan. Last year Christies and Sotheby's both enjoyed record art sales — annual turnover of $2bn and $2.9bn respectively.

Mark Shepperd, an analyst with UBS Phillips & Drew, says the art market's buoyancy is, to a certain extent, self-perpetuating, and is now being fuelled by the sale of large private collections.

"What we have seen in the last few years has been a remarkable run in profits and share prices: art prices have risen and that has encouraged people to sell.

There has also been a wave of new wealthy collectors and the auction houses have been gaining market share from the dealers," he says. "All those trends look set to continue this year."

You need a lot of pocket money to cash in on the art market's rise directly — Walter Annenberg paid $40.7m for Picasso's *Au Lapin Agile* at Sotheby's in November. But small investors can vent their frustration in the stock market, where the performance of *the two principal houses'* shares has reflected the strength of the core business.

In effect, Sotheby's is still controlled by the investor group which took it private in 1983 after suffering the ill-effects of a worldwide slump in the art market. But since some of its shares were floated in New York and London in May 1988, they have out-performed even Christies, which was one of the strongest stocks on the UK market in 1989.

Christies' auction successes have also attracted larger investors on to its share register.

They include the art collector and Japanese businessman Yasumichi Morishita, whose Aska International art gallery bought 6.4 per cent of the UK auction house in September, and Michael Ashcroft's ADT which bought a stake of similar size in May. ADT's vehicle auction business is hardly in *the same league as Christies'* fine art operation, but these stakes have added takeover speculation to more fundamental factors buoying the shares.

Nonetheless, there are doubts lurking behind the euphoria. Both Sotheby's and Christies' shares suffered a slump at the tail-end of 1989. Rumours of impending gloom in the art market began to circulate after a major New York auction by Christies failed to sell a third of the lots on offer *in November.*

Worries about Sotheby's financing strategy — which includes extending loans to art buyers, a policy avoided by Christies — also resurfaced.

Added to these concerns is the inevitable suspicion that a market which is breaking records may be about to peak — followers of the FT-SE 100's performance over the past week will recognise the feeling.

But in general, analysts believe the art market will remain solid. From a stock market point of view, Christies has proved in the past, notably after the stock market crash of October 1987, that auction house shares resist conventional pressures on equities. The business and its clients are international and broadly unaffected by domestic squeezes on consumer spending.

That said, this is a difficult moment to predict what 1990 holds for the two largest houses.

The biggest sales take place in spring and autumn and neither Christies nor Sotheby's would expect to know in January which valuable collections or individual items might come their way. Mark Shepperd believes it may be hard for the auction houses to match last year's *annus mirabilis.*

"The long-term trends remain positive in that there's plenty of interest in art and plenty of money around," he says. "But I don't think I would necessarily be buying auction house shares at this point — 1990 might be a slower year."

Andrew Hill

Plan ahead for a ripe old (Third) Age

HOW SHOULD those in the Third Age invest their money? In theory they should have accumulated enough assets, or have enough income, to think seriously about providing for the future, especially with retirement looming.

For those who plan to continue working in their present job until normal retirement age, the obvious objective is to build up resources to supplement one's pension.

If you belong to a company scheme, one of the most efficient methods of supplementing your future wealth is to make Additional Voluntary Contributions (AVCs) to top-up the benefits.

Although the tax relief on pension contributions is only deferred, since you pay tax on pension income later, it can be particularly beneficial for the top rate payer. You get relief of 40 per cent tax now, but later you may be liable to pay tax at a lower rate when retirement reduces your income. By supplementing your company pension AVCs may also help you take full advantage of the tax-free lump sum alternative.

If you expect to have a high income when you retire, you may want to look at investments that will provide tax-free benefits, such as Personal Equity Plans and 10-year qualifying insurance policies. The disadvantages of PEPs are the restriction on the amount that can be invested each year and the fact that the bulk of the money must be put into UK equities.

The high administration cost of many PEP schemes means that charges tend to wipe out the income tax savings, except when they are used as a unit trust. But PEPs should be a useful way of accumulating capital that is available tax-free at any time.

Qualifying policies, or maximum investment plans, lock you into making regular payments for a minimum of seven and a half years and the fund itself has to pay tax, so it is not really tax-free. For older people, the requirement that a qualifying policy must include life cover adds to the cost. Once the policy matures it is immune from any tax, although this might be changed soon.

If you want to retire early, it is worth first working out the sums. A rule of thumb suggested by I.P.S. Lamont, the London intermediaries who specialise in investment for retired or near-retirement people, is to calculate the income you require to live and then add 10 per cent.

Although the pension you will receive may look small compared with your present salary, you have to take into account that you will pay less tax; no pension contributions; and save on travelling to work and other costs. The net figures may not be all that different. It is also worth remembering that you will also be eligible for the State pension benefits at a later stage.

Lamont maintains that asset-backed investment (that is, investment which can grow in true value and thus keep pace with inflation) is an essential part of any retirement investment strategy. That means shares, since deposit accounts with building societies and banks, or fixed income investments, all reduce in real terms because of inflation. If you are experienced in share dealings you may want to pick your own stocks. However, constructing a balanced and diversified portfolio is something that usually needs expert, and unbiased, advice. Good financial advisers can help here.

You should also have a deposit account, with a building society or bank, as a contingency fund against a "rainy day" or to cover some unexpected shock.

Gilts (government securities) are highly speculative unless held to the redemption date when you can calculate the return obtained in advance. With fixed interest investments generally you are taking a gamble on interest rates.

National Savings index-linked certificates currently provide an excellent return but not so long ago, when inflation was low, they were the poor relations of the investment world. Following short-term favourites is a poor way to ensure long-term continuity in your flow of income.

There are many different ways of achieving exposure to the equities market. However, older people should avoid risking their life savings, and a suitable spread in the UK and overseas markets is likely to provide the best protection.

The first financial decision to be taken by employees when retiring is what to do with the tax-free lump sum payment, offered by your company pension scheme.

The argument for taking tax-free cash, compared with taxed pension income, is very strong. But what happens then? You can buy an annuity, but this is only worthwhile for older people, bearing in mind the cost.

The most popular solution is to pay off some or all of the mortgage. This makes sense if you have a mortgage over £30,000, as it costs more to borrow money than you can earn from investing. However, the granting of tax relief, at your highest marginal rate, on the first £30,000 of home loans distorts the picture.

For example, a high rate taxpayer would only be paying the equivalent of 8.7 per cent and you could almost certainly do better than that from a deposit account. The last thing you should do is to pay off all your mortgage immediately, bearing in mind that you may have difficulty in obtaining a new mortgage if starting the loan at an older age.

A time for reflection

THE THIRD Age is just the time when you should be looking at your financial future most carefully. You could soon be leaving the safe cocoon of full-time employment and relying instead on your livelihood coming from your own resources for an indefinite period.

It is, then, a time when you have to re-assess your financial objectives to bring them into line either with a change of lifestyle or simply to keep up to date with new priorities.

With the children off your hands, for example, there is no longer any need to save for their immediate upkeep. But you might wish to plan for their long-term benefit, by passing on as much as possible of your wealth without putting yourself into penury or providing a bonanza for the taxman.

While you are young, and receiving a regular income from full-time employment, usually you are concerned mainly with covering day-to-day living expenses while taking a long-term view on building up assets for the future such as a pension, a house and, possibly, shares with a fair element of risk but good potential for growth.

In the Third Age, a big change of investment strategy is likely to be needed.

The prime object is to maintain a regular flow of income, but it is equally important to protect yourself from the ravages of inflation, especially if you rely primarily on a pension. Your investment strategy has to be adapted accordingly.

You might well not be able to take the same kind of risks as you did when receiving a monthly pay cheque because you will have fewer chances of earning replacement money if you incur losses.

At the same time, no-one knows how long they are going to live, so long-term planning has a large element of guesswork. However, short-term plans may assume a greater importance.

There are many other factors to be taken into consideration; and the earlier you start planning, the more flexible you can be. Everyone has seen those classic advertisements by insurance companies showing worried men realising the danger of leaving pension provisions too late.

But those in the Third Age are not concerned just with pensions. They need to take a lot more into consideration: living in a new environment, generating a different source of income, and making provision for the future.

Often it is not appreciated properly that payment of inheritance tax at the full 40 per cent rate starts at the low figure of £118,000, which is usually more than accounted for by the value of your house. So, if you do want to pass on your wealth to anyone other than your spouse, provisions have to be made well in advance to nullify the effect of IHT.

Tax planning is particularly important in other areas, too. The introduction of independent taxation for married couples in April will, obviously, be a helpful development for many people in the Third Age – providing they plan properly.

The new personal pensions, and the sharp increase in the percentage of your income that can be invested in a pension as you grow older (up to a maximum of 40 per cent for those over 61), means that you can utilise the benefits of tax-exempt savings schemes later in life.

However, the limits on the maximum pension that can be earned, announced in the 1989 Budget, mean that many people will seek other options – notably, personal equity plans (PEPs), which have the great advantage of providing income, and capital gains, completely free of tax on the way out. You don't need to have an enormous pension, or income, to find yourself paying the top rate of tax, whereas you can earn as much as you can from a PEP investment without worrying about the subsequent tax bill.

Without being ultra-gloomy, people in the Third Age also have to take into consideration that they are more likely to suffer from ill-health than the younger generation. From April, the Government is introducing a new tax relief on premiums for medical insurance for anyone over 60, with the relief going to the contributor (who could well be much younger).

Making a will to ensure that your spouse, or dependents, receive the full benefit of your estate in the way you wish is a crucial step, and taking out an enduring power-of-attorney at an early age might avoid considerable problems later on.

The accompanying articles in this week's Finance & the Family deal with many of the different financial aspects facing those entering, or already in, the Third Age.

They are not just confined to the over-50s. After all, today's Yuppie (Young, Upwardly-Mobile Professional Person) is tomorrow's Glam (Greying, Leisured, Affluent and Middle-Aged) – or Rip (Retired and In-the-Pink).

Lessons for the retiring

THOSE ONLY just recovering from the exertions of Christmas may be appalled to learn that there is one thing sometimes considered to be more stressful – retirement. The thought of its arrival makes many people so anxious that it can even affect their performance at work.

Yet, despite realising that employees need to be prepared for retirement in ample time – whether at age 65 or 10 to 15 years earlier, very few companies devote much time to this subject. A Gallup poll conducted for Legal & General showed that 97 per cent of personnel managers think it "important to help and advise staff through the traumatic period before retirement." But 35 per cent do nothing to help their employees prepare for this change in lifestyle.

"British companies are full of good intentions but could be doing a lot more to help employees," says Keith Hughes, author of a book entitled *Making the Most of Your Retirement – a Practical Guide** and director of retirement counselling services at L&G.

Some employers simply consider it a waste of money to send their staff on pre-retirement courses, but of those who do treat their employees to such counselling, 66 per cent see it as their duty as a caring employer.

So, who needs to go on such courses and why?

First, there are the financial aspects. Given that by the year 2000 the over-50s will represent 50 per cent of the population and will hold an estimated 60 per cent of private assets (since many will have inherited property from their parents) they ought to plan their financial affairs well in advance.

A useful pre-retirement course should help the employee with his or her financial planning; it should cover topics such as company and state pensions, taxation, the importance of taking less risk with one's investments, and who to go to for further advice (for example, financial advisers, accountants, stock brokers). Be more cautious about courses which are run by the vendors of financial products as these could be used to plug particular pension schemes.

In some cases, retirement may mean coping with a reduced income. You may want to retire early, but your plans could be scuppered if your pension and investments are too meagre to support a comfortable lifestyle. So you may find that you need to start making additional voluntary contributions (AVCs): a recent Gallup poll suggests that 66 per cent of employees surveyed believe that it is important to pay extra pension contributions now so that they can take early retirement, yet only 22 per cent have actually started to pay them.

For some people, not going to work every day may prove an unpleasant surprise and they may find that time weighs heavily on their hands. Pre-retirement courses should help people to approach retirement more constructively, thinking about possible leisure activities, health and keeping fit.

Courses are available from:

■ Pre-Retirement Association of Great Britain and Northern Ireland, 19 Undine Street, London SW17 8PP. Tel: 01-767-3225. Courses usually last one to three days and take place in London, Scarborough, Somerset and Torquay.

■ Future Perfect – runs workshops for employees who are considering a change in career or taking early retirement while in their 50s. Details from Future Perfect, Westminster House, 2 Dean Stanley Street, London SW1P 3JP, tel: 01-799-2707.

■ Noble Lowndes, personal financial consultants, run seminars and provide individual counselling at the pre-retirement stage. They have offices in the main cities. Further details from Noble Lowndes, Norfolk House, Wellesley Road, Croydon CR9 3EB. Tel: 01-686-2466.

Guides: **Making the Most of Your Retirement, by Keith Hughes, published by Kogan Page at £4.95.*

Finance Your Future – a Mid-Life Guide to Financial Planning for Your Retirement, published by the Consumers' Association and Hodder & Stoughton.

Approaching Retirement – Which? Books, published by the Consumers' Association and Hodder & Stoughton.

Good Retirement Guide – by Rosemary Brown, published by Duckworth at £9.95.

Sara Webb

FINANCE & THE FAMILY

TOP & BOTTOM 25 AUTHORISED UNIT TRUSTS

Offer to Bid performance over one year to January 1. 1990

FUND	YIELD	Performance	FUND	YIELD	Performance
Abtrust Far East Emerg Econ	0.04%	205.69	BG Convertible & General	8.55%	93.20
Prov Canitol Emerging Asia	0.00%	195.81	Henderson Smaller Cos Dividend	4.87%	93.16
MIM Britannia Singapore ASEAN	0.00%	187.30	CCL Recovery	1.92%	93.10
NM Singapore & Malaysian	0.00%	182.22	Wardley Small Companies	1.40%	92.73
NM Japan Smaller Companies	0.00%	177.35	Tyndall Capital Defender	9.48%	92.45
MIM Britannia South East Asia	0.03%	177.30	Framlington Smaller Companies	3.46%	92.24
Abbey Asian Pacific	0.97%	176.61	Schroder Gilt	9.51%	92.20
Wardlev Singapore & Malaysia G	0.10%	172.21	AEtna Smaller Cos Dividend	5.65%	92.06
Royal Trust PPY Sing. & Malay.	0.53%	169.53	Cornhill Property Share	2.50%	91.93
Schroder Japanese Sa Cos.	0.00%	169.33	Tyndall Smaller Companies	3.25%	91.31
Stewart Ivory New Pacific	0.82%	169.09	Windsor Growth	1.64%	91.21
BG Energy	0.52%	168.30	Waverley Australasian Gold	0.00%	90.38
NM Far Eastern Growth	0.19%	167.79	Windsor Convertible & Equity	7.61%	90.53
Fidelity European	0.00%	167.18	Cornhill Gilt & Fixed Interest	10.70%	89.96
Govett Pacific Strategy	0.41%	166.33	Royal Trust Fixed & Convertible	9.12%	88.87
Gartmore Pacific Growth	0.17%	164.83	AEtna Financial & Property	3.32%	88.75
MLA Emerging Markets	0.34%	164.14	New Court Smaller Australasian Cos	2.45%	88.64
Morgan Grenfell European Grth	0.00%	162.88	AEtna Smaller Companies Growth	3.08%	88.60
Abtrust Pacific	0.05%	161.93	MIM Britannia Smaller Cos	7.78%	86.41
Abtrust European Income	1.96%	161.88	MGM Special Situations Growth	0.632	86.17
Abtrust European	0.00%	161.71	GRE Property Share	3.08%	86.09
Lloyds Bank German Growth	0.13%	160.16	Royal Trust Smaller Companies	2.25%	85.94
Equity & Law Europe	0.92%	160.00	Simon & Coates Special Sits	6.26%	84.73
Dunedin Japan Smaller Cos	0.36%	159.79	Windsor Smaller Companies	1.89%	84.19
Thornton European opportunities	0.00%	159.66	British Growth	2.34%	83.71

Source: MICROPAL LIMITED

Far East Emerging Economies is clear leader

Abtrust hangs on to title as leading unit trust performer

THE TOP performing unit trust in 1989 was the same one that topped the 1988 list – the Abtrust Far East Emerging Economies fund.

It is believed to be the first time that a fund has been the number one performer for two years in succession. Indeed, according to Chris Pohl of Micropal. it is the first time an individual trust has topped their league tables more than once.

The fund was a clear leader with a gain of 105.69 per cent on an offer to bid basis, which meant you would have that £1,000 invested at the beginning of the year would have grown to over £2,050 by the end of December. Abtrust had three other funds in the top 25.

Richard Luders, chief executive of Abtrust Management, says that one of the secret of the group's success is the mixture of views from the group's Aberdeen and London offices when taking investment decisions. In addition Hugo Young, manager of the top Far East fund had done particularly well in deciding to to increase the holdings in Thailand to 43 per cent of the total portfolio at present.

In fact Far Eastern specialist funds dominated the top performing unit trusts last year, accounting for the first 11 places. Excluding Japan, Far East funds rose on average in value by 52.80 per cent and including Japan by 31.18. The average value of European funds was up by 43.90 per cent.

However the average increase in the value of all unit trusts was only 22.18 per cent up, well below the 30 per cent rise in the FT All-Share index and 35.11 per cent for the FT-SE 100 index.

All the UK market sector funds failed to match the rise in the London market indices, possibly because of investments in the smaller companies that fared a good deal worst than their larger brethren. UK smaller company funds featured strongly among the worst 25 performers, with the worst performer of the year being the BG British Growth showing a loss of 16.29 per cent.

The worst unit trust sector was UK Gilt and Fixed Interest, which ended the year with an average loss of 0.76 per cent. Next worst was the money market funds sector with a tiny gain of only 5.73 per cent.

Taking the longer term view NM Japan Smaller Companies was the top performing fund over five years to the end of December 1989 showing a gain of 454.15 per cent. Japanese and Far East occupy most of the top spots in the five-year league tables, while the worst funds are Australian, gold and technology. Target Australian was bottom of the table showing a loss of 71.92 per cent over five years.

Over a 10 year period the best performing fund was Fidelity Special Situations which has turned an original investment of £1,000 into £14,430. Once again Japanese and Pacific occupy most of the top spots in the 10-year league table. Worst performers of the 1980s were mainly fixed interest, technology and commodity funds. Worst of all was the MIM Britannia Commodity Share unit trust up only 66.1 per cent over the 10 year period. By comparison the FT All-Share Index has risen by 633 per cent over the last 10 years and the Tokyo market by 1,432 in sterling terms and 568 in Yen. The average gain by all units over the past 10 years was 496.9 per cent.

John Edwards

Sara Webb on medical insurance for the elderly

Your friendly partner — the taxman

IF YOU run out of ideas for a 60th birthday present for your parents or relatives, you might consider joining forces with the taxman to pay for their medical insurance. From April 6, the UK Government is granting tax relief on medical insurance contributions provided the policy covers someone aged 60 years or more. The relief is granted to whoever pays the premiums on behalf of the 60-plus person – so it could be the son or daughter or the insured.

The plans to introduce tax relief on medical insurance premiums could bring considerable savings for many elderly people. But you cannot afford to sit back on the assumption that you will automatically receive tax relief: you may need to change your policy if you want to make a substantial saving on premiums.

The tax relief, which was announced early last year, will apply to medical insurance plans – for example, of the type offered by BUPA and PPP – but not to permanent health insurance plans (policies offered to provide protection against loss of income as a result of prolonged sickness or disability).

Many people are under the impression that they will automatically qualify for tax relief; they won't. Andrew Grigg, a medical insurance adviser with SPS, has received many enquiries from people asking whether they can simply stay in their existing plans and have tax relief applied.

In fact, if you want to be eligible for tax relief, take note of the following points:

■ You need to be in a specially-tailored – or qualifying – scheme. Most existing policies are not qualifying ones because they offer an "alternative cash benefit." This means that the policyholder is entitled to claim a sum of money if the medical treatment is provided free under the National Health Service. The aim of the medical insurers was to encourage people to use NHS hospitals in cases where there was no need to wait for that particular operation. They provided a substantial incentive by paying £20 to £30 a night.

The Government, which is keen to get people out of NHS beds and into private health schemes, would not countenance using tax relief to encourage schemes which pay cash incentives to people who use NHS beds. For, as the White Paper observed : "People who choose to buy health care outside the health service benefit the community by taking pressure off the service and add to the diversity of provision and choice."

Schemes which pay a sum of up to £5 a night for small out-of-pocket expenses during private in-patient treatment will qualify for relief.

By providing tax relief for the elderly, the Government is trying to target those who use the NHS the most – many people are covered by company-paid insurance until they reach retirement age, the stage at which premiums increase quite sharply. According to the General Household Survey, only 5 per cent of people aged between 65 and 74 have private medical insurance, compared with 10 per cent in the 45 to 64 age group.

Since the Government announced its plans to introduce relief, insurers have been busy adapting their policies and submitting qualifying plans to the Inland Revenue for approval. For example, PPP has obtained qualifying status on its family health plan, adjusting it so that you can either take a cash alternative (in which case you don't receive tax relief) or choose tax relief instead.

'Check whether your policy has been adapted to qualify'

The process of gaining approval seems to be taking a long time, and some advisers have expressed concern that the smaller insurers might not be ready to start their new schemes in April.

■ Tax relief on qualifying policies will work in the same way as MIRAS on mortgages – relief at the basic rate of tax will be given at source to taxpayers and non-taxpayers alike. Higher rate relief will be given by the subscriber's tax office if appropriate.

Relief will apply to whomever makes the premium payments, so a son or daughter could reap the benefit of tax relief in providing cover for parents. However, the insured person must be aged 60 or over and resident in the UK. In the case of a married couple, at least one of the insured must be 60 or over – so a 60-year-old could claim relief for an 18-year-old spouse.

■ You will not be entitled to tax relief if your employer is paying your medical insurance contributions. However, in cases where you yourself pay a cheaper rate because you are part of a group scheme you will be eligible for relief.

■ Relief applies to annual (or shorter) contracts which provide indemnity for expenses related to specific medical treatment. Contracts covering a quite extensive range of treatments will be eligible – for example, if they cover charges for medical and surgical treatment, nursing, physiotherapy, speech therapy, drugs, dressings, hospital accommodation, transport.

Alternative medicine, dental treatment (if carried out in a general dental practice) and general ophthalmic treatment (if it is not carried out in hospital) will be excluded.

■ If you have private medical insurance you will need to check whether your insurer has adapted it to qualify. In some cases, transfer into a qualifying policy similar to your current scheme may be enough. PPP says that its existing subscribers – even people with recurring illnesses – will be able to switch without signing a new declaration.

However, Andrew Grigg warns that the introduction of tax relief could cause complications: he advises people to check whether a new declaration is required.

Another consideration is that health schemes which cover the over-60s are bound to experience a higher incidence of claims. Grigg warns that this could lead to higher premiums than for policyholders who belong to a bigger pool of premium-payers with a spread of ages.

The evidence so far suggests that the increase for older people has already taken place and that competition between insurance companies has ensured that younger people do not subsidise their elders to a large extent.

Jim Webber, of Tillinghast, says: "Companies which do subsidise the over-65s will find it uncompetitive." He points out that, in the past 12 years, the increase in premiums from one major company for over-65s has increased more than five times, whereas the premium for over 40s has increased by 2.5 times.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
FNFC	Oct	71,570	(68,710)	30.6	(31.1)	13.0	(11.5)
IAWS Group	Sept†	5,650	(3,630)	6.6	(5.0)	1.9	(-)
Widney	Sept	1,100 L	227	-	(0.3)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Baker Harris Snders.	Oct	609	(1,930)	2.25	(3.0)
Hollas Group	Sept	1,460	(1,190)	1.6	(1.5)
Kleinwort Ben. Gilt	Jan‡	4,510	(4,000)	36.4	(32.7)
Pepe	Sept	6,640	(6,070)	2.5	(2.0)
Poddington	July	69 L	(-)	-	(-)
Savills	Oct	2,940	(3,850)	1.12	(1.12)
Stavert Zigomala	Sept	30	(27)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ Profit figures, gross before tax for a 9 month period, dividend payments 3rd interim.† Irish punts & pence.

RIGHTS ISSUES

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Analysis Holdings is to join the Third Market via an introduction.
Polysource Holdings is to join the Third Market via an introduction.

The Week Ahead

First taste of water

INVESTORS not yet glutted with news of the 10 recently-privatised water companies will be able to drink their fill next week when nine of the new PLCs produce interim results.

Thames Water, largest of the 10, reports on Monday; Anglian and Welsh on Tuesday; North West and Wessex on Wednesday; and Northumbrian, Southern, South West and Yorkshire on Thursday. The odd one out, Severn Trent, is producing its half-way figures a week on Monday.

Coming so soon after the flotation of the shares, the interim profit figures themselves will have little significance. Analysts and shareholders already know what the 10 companies are forecasting for full-year profits and these results cover the period from April to September 1989, before privatisation. Just to make interpretation more complicated, the figures will also include five months when the former water authorities were carrying out functions now handled by the National Rivers Authority.

However, some company chairmen may use the opportunity to comment on the hectic first weeks of dealing in water shares, announce new joint ventures, or launch bond issues. To add to the excitement, some of the water and sewage businesses may now try to flush out the beneficial owners of their shares by issuing notices to nominee shareholders under Section 212 of the Companies Act.

When TSB releases its figures on Thursday for the year ended October 31, keen interest will be shown in how the sixth largest UK bank makes provision for its severe cost-cutting programme. The plan, which calls for more than 5,000 job losses in the group's retail banking arm, was not revealed until November and hence may not affect next week's numbers directly. If there is no impact, pre-tax profits of £330m to £350m are foreseen against £420m last time. Retail operations are expected to continue to perform poorly.

Greg Hutchings, the chief executive of Tomkins, the industrial holding company, will unveil a sound set of the interim results on Monday. The performances of Tomkins' two US subsidiaries, Murray Ohio, the bicycle and lawn mower group and Smith & Wesson, the guns manufacturer, will be of particular interest after intensified efforts to raise the contributions following their acquisition.

The City's pre-tax profits forecast fall between a range of £22m to £23m compared with £19.15 in the previous corresponding half. The City is bracing itself for a grim set of figures when Valin Pollen International, the marketing group, unveils its preliminary results on Wednesday. Analysts anticipate a sharp fall in pre-tax profits for the year to September 30 from £14m to £7m.

The original base of VPI's business – its investor relations company in the UK – is performing strongly. Its problems lie across the Atlantic in the Carter Organisation, the Wall Street proxy solicitation company acquired in 1987. Carter has been hit by the decline of merger and acquisition activity in the US. This autumn a US grand jury began an investigation into its affairs.

The Daily Mail and General Trust, which controls both the Daily Mail and the Mail on Sunday, announces its full year on Thursday. In the six months to the end of March the Trust, which acquired the 50 per cent of Associated Newspaper Holdings it did not already own, had pre-tax profits of £181.8m. This figure however involved net exceptional credits of £162.8m.

Analysts are suggesting figures in the range of £50m for the full year before exceptional items are included.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Bardsey‡	66	63	59½	15.07	Beckenham Grp.
Builder Grp.	340*	335	335	56.10	CEP Comms.
Carron Phoenix	60*	78	38	6.83	Groupe Bene
Carron Phoenix	73*§	78	79	8.32	Franke Hldg. AG
Dixons Grp.	120*	136	108	460.50	Kingfisher
Gartmore Int.Fin.	‡	56	51	44.00	Gtmre.Emg.Pac.
Green (J.)	100*	102½	93	6.75	Wace Grp.
Hartwell	138*§	139	120	107.5	Oakhill
Do. 7.875pc Pf	124.7*§	126	104	43.66	Oakhill
Heslair	325*	321	308	192.00	BET
Higgs & Hill	479§§	448	302	162.23	Lovell (Y.J.)
Leisure Inv.	31	26	37	4.71	Transwood Earl
Metal Closures	200§§	192	159	51.30	Wassall
Monotype	161*	160	110	32.44	Headington Inv.
Monotype	160*	160	110	32.24	Pointplus
Morgan Grenfell‡	550*	544	475	950.00	Deutsche Bank
Mysen	240*§	235	224	197.50	Blue Circle
Nat. Telecom	60*	59	49	20.39	Alcatel
Rothmans Intl.	590♣§	678	638	1.3bn	Richemont
Royal Sovereign	230§	218	155	12.54	Emess
Sanderson Murray	175*	213	150	3.325	Rickett Mitchell
TDS Circuits	10*	25	20	0.90	Teknecomp
UK Paper	375*	368	336	298.94	Fletcher Chal'ge
VG Instruments	535*	543	535	270.20	Fisons

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 5/1/90.†At suspension. §§Shares and cash. ♣In unlisted loan notes, maturing in 1994, in Rothmans Tobacco (Holdings). ‡Based on FAV to be determined.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Alexanders Holdings	Wednesday	-	1.0	-
Countryside Properties	Tuesday	1.0	2.15	1.3
Daily Mail & General Trust	Thursday	22.0	51.0	25.0
Dewhurst	Thursday	0.58	1.16	0.7
Economic Forestry Group	Wednesday	1.25	2.0	1.25
Hawtin	Tuesday	-	0.5	-
Kunick	Tuesday	0.4	1.0	0.6
M&G Dual Trust	Wednesday	20.2	25.0	23.2
Southern Business Group	Wednesday	2.21	3.8	2.88
Torex Hire	Wednesday	-	-	0.8
Treatt	Monday	-	-	1.0
TSB Group	Thursday	2.68	2.66	2.85
VPI Group	Wednesday	1.0	2.5	1.1
Wheway	Monday	0.5	1.7	1.0
INTERIM DIVIDENDS				
Anglian Water	Tuesday	-	-	-
Banks, Sidney C	Wednesday	2.125	4.875	-
Bespak	Wednesday	2.25	3.75	-
Bucknall Austin	Tuesday	1.1	2.8	-
Carclo Engineering	Monday	1.35	4.55	-
Cooper Clarke Group	Monday	-	-	-
Cowan de Groot	Wednesday	1.25	1.25	-
Ellis & Everard	Monday	2.0	4.3	-
Exmoor Dual Investment Tst.	Monday‡	-	-	-
Fairbriar	Wednesday	1.7	3.3	-
First Technology	Wednesday	2.5	5.0	-
Flextech	Monday	-	-	-
Hambro E'bond Money Market Fd.	Wednesday	-	-	-
Investment Company	Friday	0.25	0.65	-
Goode Durrant	Monday	1.75	2.75	-
Howden Group	Tuesday	1.42	3.18	-
Markheath Securities	Wednesday	1.5	3.5	-
ML Holdings	Monday	0.72	2.13	-
Multitone Electronics	Thursday	-	0.1	-
Neepsend	Monday	0.4	0.8	-
Nobo Group	Thursday	2.2	4.4	-
North West Water	Wednesday	-	-	-
Northumbrian Water	Thursday	-	-	-
Olim Convertible Trust	Monday	-	-	-
Parkfield Group	Tuesday	3.0	9.0	-
Property Trust	Friday	-	-	-
Security Archives	Friday	2.0	3.0	-
South West Water	Thursday	-	-	-
Southern Water	Thursday	-	-	-
Thames Water	Monday	-	-	-
Tomkins	Monday	2.0	4.75	-
Vardy Reg	Monday	-	-	-
Welsh Water Authority	Tuesday	-	-	-
Wessex Water	Wednesday	-	-	-
Wyko Group	Wednesday	1.25	2.0	-
Yorkshire Water	Thursday	-	-	-
Zetters Group	Thursday	1.6	4.5	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.‡ 1st quarter figures.

Eric Short looks at the options for those who leave before time

Retire early — and benefit

THE FACILITY to take early retirement is one of the keynotes of a company final salary pension scheme. It provides a form of flexible retirement on generous terms not available from the state scheme, and compares favourably with the much harsher terms from a money purchase arrangement.

The conditions under which early retirement benefits can be taken are set out in the trust deed and scheme rules, governed by the limits imposed by tax legislation and Inland Revenue regulations.

However, such conditions have been modified drastically by the spate of tax legislation in recent years. This means there are now three different systems in operation, depending on when the employee joined his company scheme.

In particular, these legislative changes affect the way maximum benefits on early retirement are calculated, and further changes could well result from cases pending in the European Court.

The changes in last year's Finance Act now permit a company scheme to allow an employee to retire on maximum pension from age-50 after only 20 years' membership. But companies are under no obligation to provide the maximum.

For most final salary schemes, the early retirement benefit will still be based on a pension of 1/60th of salary at or near retirement for each year of service, reduced by a factor to make some allowance for the pension being paid early. This factor varies from scheme to scheme, but a *fair* average would be 3 per cent a year.

Take a male employee completing 40 years' service at 65 in a scheme where that is the normal pension age. He would receive the maximum pension of two-thirds of final salary. But if he retires at 62, he will get 37/60ths of final salary, less a reduction of 3 per cent for each year retirement is taken ahead of normal retirement — in this case, 9 per cent (3 x 3 per cent). So, the pension would be 91 per cent of 37/60ths — or 56.1 per cent of salary at retirement.

Last year's Finance Act changes permit employers to be generous on early retirement in particular cases such as redundancy, rather than providing maximum pensions for all and sundry no matter when they retire. And many company final salary schemes offset the pension payable against the basic state pension.

'Changes in last year's Finance Act let an employee retire on maximum pension from age-50 after only 20 years' membership of a scheme'

But the state pension is not paid before age-65 for men and 60 for women. In this case, those schemes that offset it pay a temporary pension under certain circumstances to replace the state pension until it becomes due. But this facility will no longer be available for employees retiring from 1993 unless the Government amends the 1989 Social Security Act.

However, employees no longer need cold towels, personal computers and copies of the rule book, trust deed and recent Finance Acts in order to calculate their benefits if retiring early. Under the Disclosure Regulations, they have the right to get this information on request from the pension scheme administration.

This should show not only the pension on the chosen retirement date, together with any temporary pension, but the maximum lump sum commutation and the consequent reduced pension.

This leads to the question of whether employees taking early retirement should commute part of their pension for a cash sum, thereby cutting back a reduced pension even further.

If the employee is looking to set up his own business, then access to a tax-free cash sum will be useful, probably essential. But even if there is no immediate need for cash, it is — with few exceptions — of financial advantage to convert taxable income into tax-free cash. If necessary, this can be used to buy an annuity which attracts less tax then the original pension it replaces.

An even more basic decision is whether employees retiring early should take an immediate pension and cash sum. They have three choices:

- Immediate benefits.
- Opting for a deferred benefit payable on normal retirement.
- Doing this but taking the equivalent transfer value and investing the money in a personal pension.

Often, the choice will be determined by what the employee intends to do on retirement. If he will not be taking a paid job or receiving low earnings, as when starting a new business, then the first option is inevitable unless he has other sources of income such as maturing life policies or cashing-in unit trusts.

In contrast, if the employee is taking a well-paid consultancy post over a short period, then accepting immediate benefits on top of his fees could push his income into a higher tax bracket. Thus, the second or third options could be better.

Indeed, the latter, using a personal pension, offers all kinds of financial planning opportunities for the highly-paid.

The company scheme administrator is not well-placed to provide this type of advice to individual employees; in fact, the Financial Services Act stops him doing so unless he is authorised. Yet, expert personal advice is necessary for at least higher-paid employees so they can make the best use of the opportunities available.

Many consulting actuaries have switched in recent years from providing services to companies to giving financial advice to individuals. Paying a competent adviser's fee could be money well spent.

CERTAIN professions are more stressful or dangerous than others. The table below lists occupations where the Inland Revenue has agreed to a normal retirement age earlier than 60 years old. It applies to company schemes and Section 226 personal pension policies (for the self-employed) taken out before July 1 1988. Since then, under the new regulations, a minimum retirement age of 50 applies to all new personal pension policies, and for company schemes, where the employee has 20 years service.

Personal Pension Contracts

Early retirement ages approved by Inland Revenue

Profession or Occupation	
Air Pilots	55
Athletes (Who received appearance and prize money only)	35
Badminton Players	35
Boxers	35
Brass Instrumentalists	55
Cricketers	40
Croupiers	50
Cyclists (professional)	35
Dancers	35
Divers (deep sea)	40
Firemen (part-time)	55
Fishermen (trawlermen)	55
Footballers (excluding Football League players)	35
Golfers (tournament earnings)	40
Inter Dealer Brokers	50
Jockeys - flat racing	45
- National Hunt	35
Martial arts instructors	50
Models	35
Moneybrokers (excluding managers responsible for dealers)	50
Moneybrokers (managers responsible for dealers)	55
Motocross motorcycle riders	40
Motorcycle road racing riders	40
Motor racing drivers	40
Newscasters (ITV)	50
Nurses, physiotherapists, midwives or health visitors (female)	55
Off-shore riggers	50
Psychiatrists	55
Royal Marines reservists (non-commissioned)	45
Royal Navy reservists	50
Rugby League players	35
Rugby League referees	50
Singers	55
Speedway riders	40
Squash players	35
Table tennis players	35
Tennis players (including Real Tennis)	35
Territorial Army members	50
Trapeze Artistes	40
Wrestlers	35

State retirement system remains inflexible, says **Eric Short**

Reform: still a distant dream

THERE ARE no provisions for early retirement under the state social security system other than from ill-health. In essence, the scheme still operates under its original rigid concept of a state pension being paid from age-65 for men and 60 for women, although there are provisions to defer retirement beyond these ages.

Flexible retirement between 60 and 70 has been under discussion for more than 15 years without any progress. Such a goal is incorporated in the *Labour Party's policy review* as a long-term objective but there is no indication as to how or when it would be achieved.

Meanwhile, Prime Minister Margaret Thatcher has talked about raising the state pension age as a way to encourage people to stay at work to offset the shortage of young people coming into the labour market.

Nevertheless, it is doubtful if any flexible decade of retirement will be incorporated into the state social security system in the 1990s. So, people still in reasonable health and contemplating early retirement should plan on the assumption that there will be no change.

The other consideration facing people who take early retirement relates to National Insurance contributions. If they move to other paid work, whether as employees or self-employed, they will be required to continue their NI payments. These are, effectively, a tax on employment and not an insurance premium in the usual sense of the word.

If you start a new job as an employee, you are exempt from NI contributions if you earn less than £43 a week (£46 a week from April). But if you earn more than this, you pay 2 per cent on the first £43 and 9 per cent on the rest.

In addition, you will be contracted-in automatically to the second-tier State Earnings-Related Pension Scheme (Serps) even though you are receiving a pension from your former company. It is doubtful if your new employer will offer membership of a company scheme and it makes good sense for anyone over 50 to remain in, or join, Serps.

For the self-employed, NI contributions would normally have to be paid. There are two categories — Class 2 and Class 4. Class 2 payments are at a flat rate of £4.25 a week (rising to £4.55 at the next up-rating in April). They are paid by every self-employed person except those whose earnings are below £2,350 annually. Those who expect to earn less than this can apply for exemption from payment but this must be done before the start of the tax year.

If you are exempted and your earnings later exceed the limit, you can back-date payment of Class 2 contributions. But if you do not apply and your earnings turn out to be below the limit, the Department of Social Security will make no refunds.

Self-employed people who earn more than £5,050 in the present tax year must pay Class 4 contributions of 6.3 per cent on earnings from the limit up to £16,900 (from April, these limits will be £5,450 to £18,200). The self-employed are eligible to receive only the basic state pension. There is no Serps benefit.

Thus, anyone taking early retirement and getting another job needs to decide whether, from a social security point of view, it would be better to be employed or self-employed, perhaps as a a consultant.

However, it is not enough simply for you to declare yourself as self-employed — you must apply to the DSS and show your claim is genuine.

If, for example, you received paid holidays, then the DSS would probably not accept that you were self-employed. So, it is important to get the contract of employment in the correct form.

If, on the other hand, you are not becoming an employee, you might not need to make any NI payments. Indeed, men aged 60 or over get automatic credits for their contributions.

But if you are below 60, the decision on whether to pay Class 3 contributions (£4.15 a week, rising to £4.45 in April) depends on whether you have made enough contributions already to qualify for a full basic state pension — and, if not, whether the pension short-fall justifies paying the extra contributions.

The qualifying rules are complex, but you need to have contributed around 90 per cent of the qualifying years up to state pension age, including any automatic credits.

The position can be made clearer if you obtain a benefit statement by sending Form BR19 (obtainable from any DSS office) to the main DSS administration centre at Newcastle-on-Tyne.

However, anyone considering early retirement should consult their local DSS office or use the Freeline Social Security service (0800-666-555).

Terry Dodsworth on the tax changes due in April

A bonus for couples

THE NEW rules on independent taxation, which come into force from April, will be of special benefit to mature married couples in the later years of their working life — the Third Age. This is because of the in-built bias of the independent taxation structure towards couples with substantial incomes, both from salaries and investments.

Each partner will have a personal structure of allowances and tax bands. As a couple they will, therefore, have the potential to shelter more of their joint income from tax — and, at this time of life, many married partners will have more funds available to shelter. Their children will be off their hands, their savings will have built up, the wife might well have re-started work after several years off, and the husband will often be at the peak of his earning power.

The savings could come in several forms. Couples with substantial investments, and where the wife is not working have an immediate potential gain. This is because, from April, wives will have their own tax-free personal allowance against which they can set investment income.

Under the old system, the married woman's earned income allowance could be used only against payment from employment. So, any investment income was liable to the husband's top rate of tax.

It must be remembered, however, that transferring the investment into the wife's name would achieve a maximum gain only if the income was untaxed in the first place — for example, from share dividends where tax can be reclaimed, government bonds, and certain offshore funds.

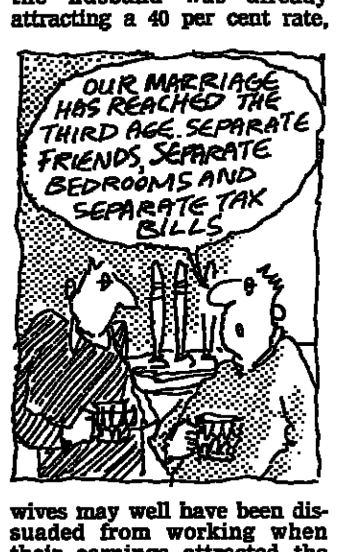
For couples where the wife isworking and, therefore, using up her tax-free allowance, there will not be the same potential for sheltering unearned income. But there should be opportunities for lowering the total joint tax bill by using two sets of tax bands rather than one.

For example, if a husband's taxable salary, after allowances, is on the brink of the £20,700 threshold over which it will begin to attract a 40 per cent tax rate, it would be an advantage to transfer investment income into the wife's name if she was earning less.

Under the £20,700 threshold, the husband's earnings would be taxed at only 25 per cent; similarly, his wife could make, say, £15,000 from employment and take up to £5,700 worth of unearned income before moving into the higher-rate tax band.

These figures are, of course, subject to any adjustments made in the coming Budget before independent taxation starts to operate.

Some women will have more inducement to work under the new rules. Previously, where the husband was already attracting a 40 per cent rate,



wives may well have been dissuaded from working when their earnings attracted the same burden of tax. But the new system will reduce the tax on many married women's earned income from 40 to 25 per cent.

Couples could also gain from separate capital gains tax (CGT) allowances. Although the CGT exemption figure for 1990/91 has not yet been announced, it is assumed that the sum of the two allowances for married partners will be more than the £5,000 exemption now available to husbands only.

Indeed, some tax advisers are assuming that both husband and wife will have a £5,000 allowance. If this turns out to be true — an ambitious assumption — couples in this category could achieve a potential saving of £2,000 in capital gains tax annually.

Pensioners will gain from the new system in much the same way as other couples. But they will also have an additional advantage because of the higher allowances available from the age of 65.

Now, for instance, the personal allowance amounts to £3,400 for a 65-year-old single person. Wives will in future be able to claim the same amount to offset against any income, whether from pensions, salaried employment or investment income. Thus, a couple will have total allowances of £6,800 compared with the old allowances of £5,385.

The impact of the new structure will be magnified for higher-earning married couples with incomes of more than £11,400. This is the earnings limit at which, under the old income tax system, allowances for pensions began to be scaled back. If a couple's joint earnings came to more than £11,400, their allowances were trimmed back by £1 for every £2 earned over that level, down to a minimum of the normal married man's allowance.

The new system, however, will allow both husbands and wives to receive £11,400 before their individual allowances are trimmed down. And once one of the couple reaches the age of 65, the husband is also entitled to claim the increased married couple's allowance — now amounting to £1,985.

These changes will make a considerable difference to many married couples who, in retirement, would expect to be receiving significant amounts of investment earnings. It will now be possible for pensioners to shelter much more of this type of income from tax by using the wife's individual allowance — provided husbands are willing to transfer investments into their wives' names when necessary.

The introduction of the £11,400 earnings limit for wives could also have far-reaching effects. It could encourage some of them to work. For couples with large-scale investments, it will become attractive for husbands to transfer significant amounts of capital to their partners; and some married women may want to take a proportion of their husband's state pension directly into their own account.

Under the provisions of the National Insurance retirement scheme, a wife can receive the difference between the single person's pension and the amount paid to a married man, even though the contributions may have been made by her husband.

EXPATRIATES

Think before you make that move abroad

IT IS a typical British wintry evening in January. Wind-lashed rain pelts the windscreen of your car, which is stuck in traffic. By the time you get home, your sole aim is a very large gin and tonic – except that there is no tonic and the local off-licence is closed by now.

Later, a washer on the bathroom tap – the one you've been meaning to replace for months – expires and leaves you staring at a flow of water that refuses to stop. At times like this, you might think: "Wouldn't it be nice to live overseas." Before very long, it becomes your Third Age ambition.

Often, a decision to live abroad is made – wrongly – on the basis that the grass must be greener on the other side of the hill. And although there are some parts of the world where damp January evenings are unknown, everywhere has drawbacks. You must be utterly realistic about this from the start.

If the urge to spend your Third Age abroad *does* come over you, make a list of the important things in your life and try to assess how you would feel if you didn't have access to them. Family and close friends are the most obvious, but there will be countless other aspects: perhaps West End theatre. First Division football, a pint at your "local" or the Lake District in spring.

If you remain determined to live overseas and have developed a clearer idea of where you might be going, a flood of questions will come tumbling into your mind. They include:

■ Climate. If it is very different to what you know, will you like or loathe it? Is the area subject to hurricanes or earthquakes? Are you prepared to accept the risk of such natural hazards?

■ Language? Will you have to become fluent or can you get by with a combination of a few local words and a determination to speak, very loudly, in English?

■ Culture? Has the country had Anglo Saxon or European influence? Large parts of the Middle and Far Easts haven't.

■ Religion. Is it important for you to have access to familiar places of worship and ministers of your own religion? Would you worry about being in a country where religious beliefs are alien to you?

■ Politics. Are there the same freedoms of speech, political affiliation and travel to which you are accustomed in western Europe and North America? Is there a free press? Are there democratic elections for the local people? If not, what are the underlying political tensions?

How powerful are the armed forces? Is there likely to be a violent change of government? If so, will you need to get out quickly – and be able to?

■ Economics. Is the country affluent? Is the wealth concentrated heavily in the hands of a few? How will you be affected by local inflation, tax laws and the exchange rate with sterling?

■ Crime. How are expatriates in general, and British ones in particular, regarded?

■ Medical facilities. How do they compare with those at home?

■ Education. If you have children of school age, is there good schooling in the country where you are re-locating? Should you leave them to continue their education in the UK?

These are some of the big questions. You won't be able to answer all of them but you should at least be aware of them *before* you make your decision to go. And if you are married, many of them will be as relevant to your spouse and children as to yourself.

There are, in addition, many practical points to be tackled in a decision to spend your Third Age overseas, such as:

■ What should you do with your UK home – sell it; rent it; or leave it empty for your own occupation on return visits as well as the use of family and friends?

■ What about your furniture? This decision is much less of a problem if you rent your property but, even then, there may be items you do not wish to put at the disposal of strangers. Do you take these with you or store them?

■ Do you need vaccinations before you go?

Then, there are your finances. What should you do with your savings and investments? How do you stand with the taxman? What should you do about the mortgage? How does the move abroad affect your pension and National Insurance contributions?

The priority issue before you go must, though, be accommodation. There can be nothing worse than arriving in a strange country only to find yourself in the middle of a bureaucratic muddle over where you are going to spend your first night.

Peter Gartland

☐ *Peter Gartland is editor of The International, the FT's magazine for expatriates.*

The realities behind a dream life

DREAMS ARE one thing. But the message running through *Life in the sun** by Nancy Tuft is that considerable caution must be exercised before any long-term move abroad is made in retirement.

The book, just published by Age Concern, deals with the various possibilities overseas – travel, long-stay holidays, renting or buying a property – open to Third Age people and the retired.

As people cease working earlier, retirement can last a long time, so it might be wise to keep the options open, suggests the author. "There is a lot to be said for living abroad in Phase One . . . and returning to the UK in time for Phase Two."

Certainly a long preliminary visit to a possible place of retirement is advisable – at least six months. The author also suggests that couples unused to continuous spells in each other's company throughout their working lives should have a period of adjustment to this on retirement in their accustomed surroundings, rather than moving abroad immediately.

There are, the book points out, strong arguments for retaining a UK base and letting it out, since there may be difficulties in buying back into the UK market on a later return.

If you plan to move abroad you should be aware of the potential problems, "notably in relation to property fraud and malpractice, costs, water, telephones," warns the author. Do-it-yourself buying in a foreign country can be a risky business. It is, says the book, astonishing how many people follow "dubious tips" from a relative stranger rather than paying for proper advice.

Most property abroad may be cheaper than in the UK, but legal fees can be much higher. You need to set aside 10 to 20 per cent of the agreed purchase price to cover extra costs, as well as providing a safety margin for fluctuation in exchange rates.

With a new house you also should check if the various connection charges are included in the price. In Mediterranean countries a water supply cannot be taken for granted. There could be shortages or periods when the water is cut off. It is best to check this, if possible, with local residents rather than the seller. Also remember that exterior paintwork and maintenance will tend to be more costly in many countries which have strong sun and drying winds.

The author lists sources of help and advice, but suggests being wary of the low-price inspection tours. "Be prepared to make trips under your own steam and see as much as you can, to make comparisons." Consider carefully the resale potential of what you might buy. And, perhaps most important of all, "don't make any irrevocable decisions until after you return home."

**From major bookshops or Age Concern, 60 Pitcairn Road, Mitcham, Surrey (£6.95 inc p&p).*

Audrey Powell

Shares transfer to son

FOR SEVERAL of the UK Government's privatisation issues I have applied for shares on behalf of my son, who at the time was under 18. As he has now reached 18, could you advise me of the procedure to convert them completely to his name? And am I right in thinking that at that point they should be entered in his tax return?

■ Share transfer forms are obtainable from business stationers. All dividends paid on or after your son's 18th birthday should be entered in his tax return (and not in yours), regardless of whether the registration of the shareholdings is changed.

Shared assets

MY WIFE and I both have wills framed in like manner leaving one-tenth of our separate assets in trust to our grandson. We now have a five-week-old granddaughter whom we wish to treat in the same way. Would it be legal for my wife and me to make codicils to our wills to (a) leave a further one-tenth of our assets to our grand-daughter; (b) would this then ensure that our house, held as "tenants in common," is exempt from Inheritance Tax; and (c) would it be necessary to seek the advice of a solicitor?

(a) What you propose is perfectly legitimate, and no doubt tax-efficient.

(b) You must first ensure that there is a tenancy in common; otherwise the gift may be ineffectual. If there is a joint tenancy at present you can sever it by a written, informal notice to your wife. Inheritance Tax will not be payable if the value of the house does not exceed twice the nil rate band limit current at the date of the first death.

(c) It is not necessary to employ a solicitor.

Provision for wife

I AM a 65-year-old man, widowed 10 years ago, with two adult children. Recently I married a widow who also has two adult children. Naturally I wish the bulk of my estate to go to my own children, while making provision for my wife – assuming my prior death. I presume that on my death our house (a fairly large family one) would be sold to form part of my estate.

Accordingly, I plan to make a new will leaving enough for my wife to purchase a flat for herself. She has some capital from her previous husband and her father, plus some £12,000 per year in pensions on my death. I estimate that this would leave two-fifths each to my children and one-fifth to my wife.

(a) Can I ensure that my bequest to my wife will go to my children, on her death?

(b) Will the Inheritance Tax in this case be levied on my death *and* not, as is usual, on the wife's death?

■ (a) Yes, if you leave your wife a life interest only.

(b) Inheritance Tax would be chargeable on the death of your wife, not on your death.

Gifts to family

MY NEPHEWS and nieces in England have nine children whose ages range from seven to 26, and I plan to give each of them a gift of money. As I do not live in England, do they have to pay a gifts tax and, if so, is there a limit on the amount each one can receive before tax becomes due?

I believe that it is possible to establish a trust or a deed of gift which will make the gift tax free, providing that the donor lives for seven years. Does this apply if the donor lives overseas?

■ You can make the cash gifts without any tax complications for the children.

Each cheque should be accompanied by a letter, which should be retained by the recipients for production to the UK tax authorities, if need be, as evidence of the source of the money. In the case of the children under the age of 18, it would be prudent to remind their parents that the cash gifts from you must be kept (and invested) quite separately from any cash or investments which originated from the parents themselves, because of section 663 of the Income and Corporation Taxes Act 1988. This does not apply to any children under 18 who are married.

Control of cottage

I RECENTLY acquired my brother's cottage (valued at £30,000 to £35,000) by deed of gift. I was told that no capital gains was due on the transaction and that inheritance tax will not prevail as the cottage represents the bulk of his estate.

Due to changed family circumstances I recently deemed it safer if I had control of the property. The intention is either to hold on to the cottage until my brother's death and then dispose of it according to his will, or at some stage to sell the cottage to give him the benefit of the income when I judge it necessary. The capital on his death would be applied as though it was his estate.

How do I minimise or avoid capital gains tax on disposal, or, should I pre-decease him, Inheritance Tax on my and subsequently my wife's estate? Our gross estate is probably (without cottage) in excess of £250,000.

■ As your acquisition has occurred at a time when the housing market is static you should be able to ensure that any disposition giving rise to Capital Gains Tax does not exceed the tax free limit (currently £5,000 a year) after indexation. The Inheritance Tax position is more problematic. It might be wise to consider making a gift out of your free estate sufficient to reduce your and your wife's estates to £110,000 each.

New house problems

WE ARE in the process of purchasing a new house from a building company and are experiencing the following problems:

(a) a proposed change in the site plan could devalue our prospective house by about 20 per cent because the builders are now proposing to build three small houses on the opposite side of our road, instead of the luxury executive type of property.

(b) The house has not been built to specification and we consider it to be constructed to a very low standard of workmanship.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Can we opt out of the contract, or do we have any other rights of redress?

■ If you have already exchanged contracts, the question of your rights to rescind it, or to require an abatement of purchase price, depends on the precise terms of the written contract. You should consult your solicitor as to this. Do not take any steps either to rescind or to complete without your solicitor's advice. Likewise, any renegotiations of the contract should be effected only with advice.

Faulty heating

I HAVE A coal-fired central heating system, installed five years ago, which recently became faulty. The Solid Fuel Advisory Service inspected the appliance and the engineer found that the flue pipe had not been fitted to specification. The guarantee has now expired, but is the contractor liable for correcting the defect?

■ If you can prove that there was a want of compliance with specifications as they existed at the date of installation, you may still pursue a claim against the contractor, but you must act quickly – any court action must be started before the expiry of six years after the date of installation.

No tax on gift to wife

MY WILL requests the trustees to sell my main residence (worth some £150,000) within a year and, using up to 40 per cent of the proceeds, to secure suitable smaller accommodation for my wife, who is now 74. In levying inheritance tax, would the 40 per cent be treated as a gift to my wife, thus avoiding tax?

■ Yes.

IT IS NOT only policemen and soldiers who seem younger these days. The same applies to university dons, bank managers, Wimbledon champions and east European leaders. There is also a whole group of people involved in an activity that used to be restricted to those who were 10, or even 15, years older; namely, retirement.

You will note I refer to it as an "activity." For one thing, the age of 50 is now quite a watershed. Major tax advantages for early retirement come into effect then. And, with today's improved health and longevity, you can argue that your adult life is only half-way through!

I am also regarding retirement in the most positive way. Not as an excuse to watch the snooker or prune the roses but as a change in direction, a fresh start, the beginning of a new career. After all, the United Kingdom has only had one prime minister this century under 50 (Harold Wilson was 48 when he took office in 1974). At 50, Darwin published his *Origin of the Species*, Sir George Gilbert Scott designed St Pancras railway station in London, and W. G. Grace played cricket for England.

The favoured course for people retiring at 50 is probably self-employment. But if you feel a change *is* necessary, you might give thought to starting afresh as an employee. It is not unusual for those who have built a successful career to be approached by rival firms to transfer their skills. Similarly, there are many examples of people who feel that because their efforts have not been recognised enough by their present employer, they should look for another job before it is too late.

Banker Roger Bardell argues that early retirement is no excuse just to watch TV and prune the roses

Why the good life really can begin when you're 50

That last category might be the only area in which age actually could present a barrier, as some employers prefer either to take on someone younger with similar experience (if such a person can be found) or to move an existing "home-grown" staffer into the job.

Until last year, there was a further problem with such changes of job. Pensions, accrued over many years, could not be transferred easily, with the result that an existing fund would be frozen until normal retirement age. Furthermore, the usual 10 or 15 years with the new employer would not be enough for the value of the new pension fund to grow to a desirable level.

What, then, are the opportunities and problems if you set out on your own at age 50 or thereabouts? First, the disadvantages. Inevitably, there will be a degree of uncertainty. That happens, of course, at any age if you decide to start your own business. No longer is the regular salary assured and, however well the business plan has been thought through, it can be upset by the unexpected; indeed, you can be sure that something unexpected *will* happen. But older people are not always more averse to taking risks – far from it – even though the middle-aged often have more money to lose.

Questions about energy and stamina are also likely to be posed. It should be remembered, though, that most top business people are middle-aged. On the other hand, prolonged sickness for a self-employed person can spell disaster, so I would certainly recommend a thorough medical check-up before starting – and at regular intervals thereafter.

Most important, however, insurance should be arranged to cover loss of income through inability to work. That form of insurance is now called Key Person Cover.

A business bank account will be necessary, and you might choose to keep that at a separate bank or branch from your personal banking. I suggest, however, that you explain this to your new manager.

As a bank manager, I have been approached occasionally by middle-aged men claiming to have had a most successful career either as an employee or self-employed – but also saying they had never had a bank account. If you really want to arouse the suspicions of your manager, that surely is the approach to adopt. Banks are as keen to do business with people they don't believe as they are to run self-service open days in their cash safes.

Now, what about the advantages our 50-year-old could have as a potential business man or woman? The most-favoured activities seem traditionally to include the village pub or country hotel with their ready-made social lives and continual opportunities to meet new people.

It has always seemed to me, however, that while heavy commitment is vital for any business success, the horrifically long working hours associated with that type of enterprise rule out any separate personal life whatsoever. But I am quite prepared to accept that some people are more than happy to make a profession of being gregarious.

The best advantages of middle-aged people are experience and cash. Experience speaks for itself. Those who have passed through 30-odd years of reasonably successful adult life should be expected to have learnt a great deal. I am sympathetic to a wonderful new euphemism from the United States which describes older people as "chronologically gifted."

By the time our potential business people have reached their 50s, there is also a fair chance they will have accrued some capital. Major drains on income – like children, first homes and sporty motor cars – have, generally, passed.

Although it is part of our financial mythology that building societies attract most of their deposits from those saving for their first house, the truth is that the bulk of their funds arrive in larger parcels – with some two-thirds of the total held by people over the age of 45.

Even in cases where attempts to put aside cash savings have not been successful, there is a possibility that wealth will have been built up. Owning a home, for example, will have brought benefits in two ways – first, from the increase in value over the years and, second, from the reduction in the mortgage.

Banks generally regard home ownership as a sign of financial prudence and solidity and it can provide potential lenders with useful security – always assuming there is a means of repayment. At the least, someone who owns a residential property will not risk it unduly by the feckless use of borrowed money. Nor can he disappear if things start to go wrong.

A combination of knowledge and capital built up over the years gives the middle-aged some advantages when starting their own businesses. Research suggests there is less chance of failure, too. There is evidence from both the academic and the sporting worlds that the levels of commitment from mature students and veterans are very high indeed.

The Japanese have a concept call Mom and Pop Shops. In the main, they are run by older people and specialise in very small portions of groceries. While Britain does not have quite the same pressures on space, there might be scope in the UK for such a niche as a reaction to the out-of-town supermarkets.

Meanwhile, if you don't believe that the age of 50 is only the half-way point in your life, remember that Monteverdi wrote his most daring and influential works (including *L'incoronazione di Poppea*) in his mid-70s, Monet started painting water lilies at 76, and Lloyd George married his secretary at 80 . . .

■ *Roger Bardell, himself in his late 40s, is divisional manager of Lloyds Bank small business services.*

Roy Hodson meets a broker who loves diamonds

From stocks to rocks

ENDING A LONG career in a busy and rewarding occupation can be rather like falling off the edge of the world. Suddenly, all is strange and there are no fixed reference points in life.

A small number of prudent people, like 53-year-old stockbroker Ian Norrington, start planning early. And, wisely, they include their families in any long-term strategies.

Norrington is a director at Kleinwort Benson, in the City of London, where he is head of European equity sales. He has a wife, Brigitte, two children aged 17 and 15, and would normally expect to retire at 60.

After national service – where he served in the Royal Navy as a sub-lieutenant during the Suez campaign in 1956 – he went to work for the South African diamond company De Beers. He stayed there for 20 years, learning about precious stones in all their facets. Norrington recalls that the high point was the opportunity to work on the bench in Amsterdam for a year, learning how to cut and polish stones from the rough.

Years later, when settled in London with a young family, Norrington decided that his knowledge of gems, and Brigitte's skills as a saleswoman, might form the kernel of a business in their spare time. But he confesses that his real motivation even then was his enduring fascination with gems.

In 1977, the Norringtons began having a small number of jewellery pieces made up (with good stones providing most of the value of each one) and sold them direct to the public. They turned over £28,000 in their first year.

Since then, their cottage business in fine jewellery has grown slowly and cautiously. Turnover was up to £66,000 by 1983 and touched £80,000 last year.

Profits have not usually been higher than 10 per cent of turnover so, in business terms, the venture is not yet big enough to support even one person on a full salary. But quick profits have never been the Norringtons' aim.

Now that his retirement is only seven years away at most, he sees his part-time activity as an asset which is ready to be cranked-up into a flourishing and profitable central London business.

Ian and Brigitte Norrington: a glittering future?

The Norringtons have built up a loyal customer base, both by word-of-mouth and offering good value for money. As their overheads are absurdly low compared with the West End jewellers' shops (they work out of a tiny showroom-cum-office on the fifth floor of a building in Jermyn Street, where customers visit by appointment) their prices are about 25 per cent lower.

Norrington likes to start a transaction by discussing the sort of piece a customer is interested in buying. He will then show a selection of gems and quote a price. Apart from the value customers place on such a personal service, he says it is the only practical way he can work without incurring enormous overheads.

Most of his City lunch hours are spent scurrying between diamond houses and the jewellery craftsmen of Hatton Garden and Clerkenwell. Although his most expensive piece of stock at present is a sapphire and diamond bracelet worth £6,000, his total stock at any one time amounts to only about £80,000 in value. His aim is to "grow the stock" well within the limits of his turnover without incurring big bank loans.

"Diamonds are my love and what I like best," says Norrington, who buys his stones from Antwerp and English importers and trusts his own judgment. That is the single crucial skill which singles him out from the crowd, and it means he probably *does* have the key to a successful full-time business when he decides to leave stockbroking.

Brigitte, who is in charge of the showroom most of the time, has become knowledgeable about the gems trade after being married to Ian for 21 years.

If and when they allow fine jewellery to become the mainstay of their working lives, their business probably will be centred upon a modest shop in the City. Already, he is known almost as well among colleagues for the jewellery he can supply as for the equity shares in which he deals.

■ *Ian Norrington Ltd, 114 Jermyn St, London SW1Y 6HJ (tel. 01-839-4702).*

Bridge

TODAY'S HANDS come to you with New Year greetings. From rubber bridge we study a no-trump contract, Attention to Detail:

N
♠ J 4 2
♥ 7 6 5
♦ K J 10 9 3
♣ J 7

W
♠ K 9 8 7 6 3
♥ J 9 8 3
♦ A 7 5
♣ –

E
♠ 5
♥ A Q 4
♦ 6 2
♣ Q1098643

S
♠ A Q 10
♥ K 10 2
♦ Q 8 4
♣ A K 5 2

With North-South vulnerable, North dealt and East opened the bidding with three clubs. South doubled, North replied with three diamonds, and South's bid of three no-trumps ended the auction.

Unable to lead his partner's suit, West opened with the spade seven and South considered the position. His plan formed, he played dummy's two and was careful to win with his queen – a far-seeing and intelligent move.

He switched to diamond queen, which won (East throwing the six), and followed with the eight. West ducked again, certain that East's six was the start of a peter. Dummy's nine won and a third diamond lost to the ace.

Unable to play a spade, West led back the three of hearts and the ace won. On this, declarer followed with his 10, another fine move. East returned the queen, the king took, and South exited with the two.

West made two heart tricks but then was forced to lead away from his spade king. Whatever he did, he could not prevent the declarer from reaching dummy via the knave – see why he won West's opening lead with his queen? This fine technique brought home the contract.

Why did he play the heart 10? you ask. If he retains the 10, West will refuse to win and South will be locked in hand, making only eight tricks.

In another hand from rubber bridge, I was playing with my favourite partner:

N
♠ K J 7 3
♥ A K 9 5
♦ 7 4
♣ K 7 2

W
♠ Q 9 8 4 2
♥ 8 7 3
♦ 10 6 2
♣ 9 5

E
♠ 10 6
♥ J 10 4 2
♦ Q 9 5 3
♣ 8 4 3

S
♠ A 5
♥ Q 6
♦ A K J 8
♣ A Q J 10 6

North dealt at a love score and bid one spade. I forced with three clubs, to which North replied with three hearts. After Blackwood enquiries revealed that North held one ace and three kings, I jumped to seven no-trumps.

West led off with nine of spades and I won with my ace. I know that the slam can be made by finessing the knave of spades, but I am sure that none of you would opt for that line.

I cashed four rounds of clubs, throwing a spade from dummy. West threw two hearts and East one diamond. I cashed the spade king (East dropping the 10), crossed to my queen of hearts and made my last club, on which I threw a diamond from the table.

West threw a spade and East threw a second diamond. At this point, East cannot guard diamonds. When the ace and king of hearts were cashed, West could spare one spade but then had to throw a diamond.

Now I knew that the diamonds were 2-2, so I ran ace, king and knave for the slam. Better technique than relying on the spade finesse, and much more enjoyable.

E. P. C. Cotter

Chess

A FAVOURITE type of middle game position for many experts occurs when the opponent adopts a completely passive stance. A combination of long-lasting assets – such as an open file, the bishop pair, and a clear advantage in space such as White enjoys in this week's game – might not necessarily add up to a definite analytical win.

Looked-at from the practical and psychological viewpoint, however, White's situation is highly agreeable, since he can manoeuvre and re-group his pieces for many hours with scarcely any risk, while Black can only await events.

Why, then, since Black is also an experienced grandmaster, does he allow himself to be squashed slowly? The answer lies in the nuances of opening theory and Black's dubious choices at his seventh and 10th turns, after which he fails to generate any serious piece activity.

Another aspect of this week's game is that it illustrates the escalating Soviet involvement in Western opens. In the valuable grandmaster group at Amsterdam (sponsored by a Dutch insurance firm, OHRA), Azmaiparashvili and Psakhis of the USSR tied for first prize while Gelfand of the USSR shared third prize with Hungarian prodigy Judit Polgar, 13. The home professionals were left with a meagre haul of hard currency, a pattern that is recurring everywhere from Edmonton to Dresden.

This sharply-enhanced competition coincides with swollen numbers of full-time players in most Western countries but only a small expansion in sponsored events. Given political developments, we can expect to see Czechs, Hungarians and East Germans joining the Russian influx – so 1990 could be a bleak year for Western IMs and even some grandmasters.

White: GM Lev Psakhis (USSR).

Black: GM Hans Ree (Netherlands).

King's Indian Defence (Amsterdam Ohra 1989).

1 e4 d6 2 d4 Nf6 3 f3 e5 4 d5 g6 5 c4 Bg7 6 Nc3 O-O.

The King's Indian, normally a 1 d4 opening, has been reached by an unusual order of moves via the Pirc Defence, and Black's response has, arguably, been too inflexible. With so many white pawns on light squares, 5 ... Nh5 (threat Qh4+) 6 Be3 f5 merits consideration, while a move later 6 ... Nh5 7 Be3 Na6 8 Qd2 Qh4+ 9 g3 Nxg3 10 Qf2 Nxf1 11 Qxh4 Nxe3 is a Bronstein sacrifice hard to refute over the board.

7 Bg5 c6 (h6! is more precise) 8 Qd2 cxd5 9 Nxd5 Be6 10 Ne2 Nbd7?

A subtle but definite mistake in such positions. Black should capture Bxd5/cxd5 at once since White's e2 knight then takes some time to re-group to an effective square such as c4 and, meanwhile, Black can develop rapidly. As played, White eliminates both his knights and acquires a pair of mobile bishops.

11 Nec3 Nb6 12 Be2 Rc8 13 b3 Nbxd5 14 Nxd5 Bxd5 15 cxd5 Qc7 16 O-O Qb8 17 a4!

Stops any b5 counterplay, and prepares a space-gaining advance of his own Q-side pawns.

17 ... Nh5 18 Be3 f5 19 a5 Nf6 20 Qd3 f4 21 Bf2 Rf7 22 Rfc1 Rfc7 23 Rxc7 Rxc7 24 b4 Nd7 25 Qa3 Bf8 26 Qa4 g5.

A gesture of counter-play with no follow-up. Black soon has to trust to passive queen's flank defence.

27 Bb5 Nf6 28 Bf1 Be7 29 b5 Rc8 30 b6 a6 31 Ra2 Kf7 32 Rc2 Nd7?

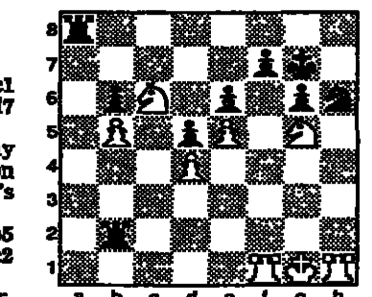
Here, Ne8 is a little better, with the idea that if White sacrifices as in the game, Black can counter-sacrifice his knight when the pawn reaches c7.

33 Rc6! bxc6.

If Black declines the rook, White follows up with Qc4 or Bxa6; but now the white pawns overwhelm the black pieces.

34 dxc6 Nc5 35 Bxc5 dxc5 36 Bxa6 Rf8 37 c7 Qa8 38 Qc4+ Kf6 39 b7 Resigns.

BLACK 9 MEN



WHITE 8 MEN

PROBLEM No. 805
(take in board)

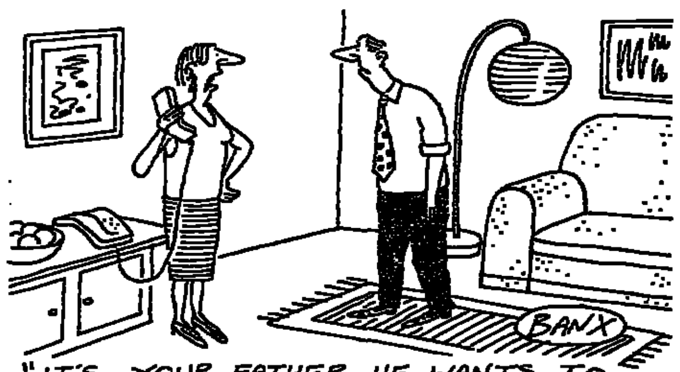
From a master game in Finland, 1989. White (to move) has a knight for Black's two extra pawns, but Black has set up a defensive barrier and now threatens Raa2 and Rg2 mate. How should White continue?

Solution Page XVII

Leonard Barden

Going back to the roots

***Robin Lane Fox** on the options open to Third Age gardeners*



"IT'S YOUR FATHER - HE WANTS TO COME ROUND AND DO OUR WEEDING"

THIRD-AGERS, recovering from children, are supposed popularly to turn to gardening and foster plants instead. Empty the nest, fill the border. It was when the children left that Rosemary Verey first explored gardening and cut flower beds in her lawn. She is now the Englishwoman's best-known gardener, with a potager which is a Veggie's dream. Is this the life after school fees – mixing Tumbleweed and learning how to pronounce diascia?

There is a flaw in this popular mythology. There was a life before school fees, too, and the first instinct of Third-Agers is to go back to whatever they liked doing before the children interrupted. As first-agers, very few people are serious gardeners: I remember how batty people thought I was when, aged 15, I preferred genuinely to grow saxifrages at the start of the era of teenage flower power. Either you catch the urge for gardening early or else you catch it when you have a home of your own.

Gardening seems to creep up on most people at the second-age stage when the children are limiting them and mothers, particularly, are marooned between school runs. First-nesting, not empty-nesting, brings most of the new gardeners onto the market.

It might, then, be superfluous to suggest to Third-Agers how they can join the fun: they will be returning or stream-lining more often than beginning from scratch. Nonetheless, I think I would avoid going on a course, even though there are gardeners who swear by them as a source of second marriages. They seem awfully expensive, or rather marginal, unless they are day courses run by a specialist society.

My first move would be to join a group with a good regular magazine. The Alpine Garden Society is my favourite but the Hardy Plant Society is another possible and there are now local branches of the conservation movement, the NCCPG, in almost every county; their members are zealous for new converts. I have gained much more from these narrowly-focused groups than from the Royal Horticultural Society; its journal has less of a missionary flavour and has never impelled me to try anything except the overcrowded Fellows' Day at Chelsea. Smaller groups make you feel special.

I would then make sure of my library. The Readers Digest *Encyclopaedias of Gardening* strike me as excellent basic books with an answer to just about everything; an Arthur Hellyer or two will tell you most of the rest (and, of course, have the advantage of a unique span of active wisdom). My own antidote to Third Age will now be *The Plant Finder* (re-issued in a 1989 enlarged paperback edition). It has opened networks I never knew because it lists the present stock of thousands of plants, which sound irresistable, and links them to hundreds of nurseries, which sound essential for anyone who likes the human as well as the floral interest of people who are trying to make a living out of their cold frames.

Their catalogues are an inexhaustible vein of fact, often enhanced by literary flourishes. Between these and *The Plant Finder*, I will rumble on happily from Third Age to last age, even with arthritis.

The other necessary companion is Hillier's *Manual of Trees and Shrubs*, because catalogues usually are bad at describing the size and quality of their trees and big shrubs. People wax more lyrical about small plants. The manual helps you to see behind long Latin names.

Third-Agers will have their own literary favourites and mine are Vita Sackville-West's gardening articles (the more recent collection is now in paperback). The other obvious classic of the past 20 years is Christopher Lloyd's *Well Tempered Garden*. There is enough in both authors to fill a dozen seasons and gardens, and so my next advice is to set aside time to visit a great garden often, right round the year.

It can be wonderful to arrive in mid-June at Sissinghurst or in late summer at Powys Castle, but I have deepened my own awareness of gardening by getting to know one good garden during every single season. It leads you into the heart of the art: how to keep the seasonal sequence in a defined, perhaps too-confined, space.

Here, Third-Agers really are gainers. My children have endured garden-visiting without really enjoying it: many garden-owners have shown great endurance, too. When everybody wants to go, anticipation enhances the outing. On the journey to Sussex, no-one asks from the back seat: "Are we nearly there yet?" at the first roundabout outside Oxford.

Between visits, I expect I will try to replace the ups and downs of children by greater energy in the greenhouse and cold frames. Propagation will take on a new direction and I will multiply my cuttings and my experimental seed-boxes.

Central to my own self-image of post-family life are sunny spring days under glass when the seed compost scents the wood staging and nobody tries to turn the dial back to Radio One. No footballs will be hurtling through the young viburnums; clay pots on steps will be quite safe: lawns, after all, are not supposed to be cricket pitches in wet weather.

I suppose it will all look prettier, but it will also be like Versailles without any of the innumerable, promenading courtiers. Not even a hundred new rooted bits of violet will make up for the days when rugs made nomad encampments in the bushes and the greenhouse roof was at risk to my hopes of a lofted on-drive for six.

Hey, good-looking . . .

*What do mature drivers want? **Stuart Marshall** essays some answers*

BY THE TIME you are nudging 50, you know what you like in a motor car. The string-backed gloves and rally-jacket stage came and went years ago; now, very sensibly, you want a car that reflects your life style, has similar comforts to your nicely-furnished home and provides satisfying personal transport.

If you are still working, there is no problem; the company provides a car appropriate to your station. But, if not, what then?

One of the first shocks experienced by those who take their company's Jaguar, BMW, Mercedes or Ford Granada into early retirement is being brought face to face with the financial realities of running a big executive-class car.

When bills that used to be passed to the accounts department have to be paid from your own resources, the real cost of this kind of motoring comes into sharp focus.

Of course, savings must be made, but not by giving up civilised amenities. Power-assisted steering and automatic transmission become not just desirable but essential features of a car when the driver is no longer young.

Air-conditioning, as last year's torrid temperatures proved, can be a pearl beyond price when you are creeping around town in thick summer traffic or waiting for a motorway jam to clear.

One reason why Japanese cars have become so popular in Britain is that they are keyed into customers who put the things that really matter in motoring at the top of their priority list. For example, every Nissan Bluebird four- or five-door (made at Washington, Tyne and Wear, incidentally) has power-assisted steering; even the 1.6-litre Premium which costs £7,999 including road tax, delivery charges and three-year extended warranty with AA membership and Homestart.

The Premium Plus Bluebirds (from £9,385) have electric windows all round, central locking and power-operated sun-roof, too.

Power steering is standard equipment on other affordable Japanese cars like most Honda Civics, all Mazda 323s and 626s, most Mitsubishi Lancers and all Galants. Every Toyota, apart from the Starlet and the basic Corolla, is power-steered as standard.

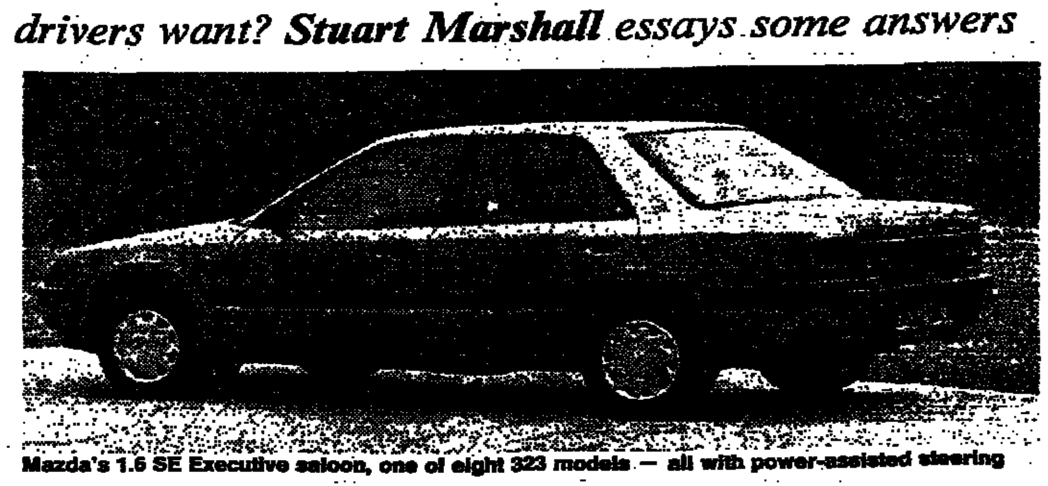
So, to Citroen's credit, are most of its BX range; on some of Vauxhall's Astras, it is standard or optional. But most high-volume European makers, like Ford and Fiat, feel differently. You cannot get this invaluable aid to easy parking and relaxed driving on any Ford Fiesta, Escort or Orion, even at extra cost; and on only one Fiat Tipo, the turbo-diesel. On Rover's new 200, it is £300 extra; on a VW Golf, £567.

It takes a bit of physical effort to wiggle any Volvo 340 and the three cheapest versions of the new 440 into a small space, although power steering is part of the package on the posher (over £11,275) versions of the 440.

Larger and (if you are paying your own bills) much less affordable European cars have power steering as a matter of course. But demand from mature motorists who perceive no need for a big, or even medium-sized, car will ensure the spread of power steering down-market. They don't see why the supermini-sized hatchback that now meets their needs should be much harder to park than the big company car they used to drive.

Nor do their wives. Especially their wives, because women – to their credit – have become outspoken on such matters as making cars easy and effortless to drive.

The story is much the same with that other invaluable aid to driving ease, automatic transmission. There is no special virtue in changing gears. Even M. Gregoire, who invented the gearbox nearly 100 years ago, reckoned it a brutal device that would have to do until something better came along.



Mazda's 1.6 SE Executive saloon, one of eight 323 models – all with power-assisted steering

Europe has lagged behind the Japanese. The only small Fiat automatics are a couple of Uno Selectas (soon to be joined by a Lancia Y10 Selectronic). You can get a Rover Mini or Metro, Ford Fiesta or Escort, Peugeot 205 and Renault 5 with two pedals but not a Citroen AX, Vauxhall Nova or VW Polo.

But a little Daihatsu Charade, Honda Civic, Mazda 323, Mitsubishi Colt, Nissan Micra, Subaru Justy, Suzuki Alto or Toyota Corolla automatic? Certainly. You can even have a two-pedal Justy with four-wheel wheel drive if you like.

For air-conditioning at moderate cost, you have also to look at Japanese products (or, at any rate, Japanese-influenced cars like the Malaysian Proton or Rover 200). Without air-conditioning, you can get just as uncomfortably hot (or misted-up dangerously in humid weather) in a small car as a big one. Third Age buyers will increase its popularity.

Not all mature buyers want sober, comfortable saloons or hatchbacks. With children gone and mortgage paid, what better treat can a self-employed man give himself out of his private pension lump sum than the sporting coupé he craved when young?

One of the enduring myths of the motor business is that high-performance cars are bought always by the young and dashing to drive at three-figure speeds. They are not. Often, the more powerful the car, and the more obvious its aerodynamic aids and other go-faster bits, the more leisurely the driver's manner.

Motoring can often be a fairly disagreeable business, especially in the over-crowded south-east of England. The whole point of buying a car that is pretty to look at, of sporting demeanour, or even thoroughly macho, is to add a little spice to what for many has become a routine chore.

You see more 24-valve, wide-wheeled coupés being parked at golf clubs or driven gently to the local supermarket than being hurled round corners . . . which is perhaps just as well. The trend to civilise these high-performers that are bought often by mature drivers for their looks, not their speed, has become well established.

Nissan's ravishingly good-looking 200SX is typical. Magazines go on about its 140 mph (225 kmh) maximum speed, multi-link suspension, turbo-charger, 16 valves, twin-cam engine and the rest.

Many buyers, though, are more likely to praise its ultra-light clutch, sweet gear-shift, effortless power steering and standard air-conditioning.

It is a joy to drive. Seats and suspension are comfortable, the acceleration instant. It has the nimbleness of a polo pony, feels as safe in the wet as it does on dry roads – and has ABS brakes. There is room for the grandchildren on the back seats, and for a couple's holiday baggage in the boot.

You could call it the car for the young in heart who now have money enough (a moderate £17,595) to make a dream of their 20s come true.

Just relax and enjoy it

***Arthur Hellyer** on the best ways to manage a garden in retirement*

AS AN absorbing interest which can see you through life from youth to old age, gardening has two great advantages: it is inexhaustible and it is highly adaptable to changing needs.

I am often asked about the difficulty of finding gardening topics to write about. I say that it is easy, since not a week passes without my learning something new about gardens, or plants, or the techniques for managing them. The plants themselves continue to expand in numbers, most rapidly now by hybridisation but also still by the discovery in remote cases of new species. As for the actual practice of gardening, there are so many ramifications that there is no difficulty in finding one to suit personal requirements.

I have a colleague, an enthusiastic gardener who, in later life, found himself living in London and needing a clean form of gardening that would not involve great physical effort but would stretch his skills to the full. He chose orchids, and made a great success of it. He built a greenhouse on a flat roof which jutted from his house, made a potting and store shed in the basement, connected shed to greenhouse with a lift, and installed every practical piece of equipment to help him.

Orchids lend themselves particularly well to automation since they rely heavily on controlled heating and humidity, both of which can be looked after more accurately by electronic devices than by sight and touch. In the days when my friend operated his rooftop orchid house with so much success, small humidifiers made specially for such purposes were rare; but he installed one that was sold mainly to hospitals and it worked perfectly.

Many orchids are epiphytes, which require little or no soil since they obtain moisture and food directly from the air. This also makes them clean and light to handle. As an added attraction, they are not difficult to hybridise; so your fancy can be indulged with less difficulty and more chance of worthwhile results than with most plants. My friend never, to my knowledge, experimented with this but he did grow orchids extremely well and it gave him a lot of satisfaction.

Gardening has taken me in a different direction. Many years ago, more by chance than intent, I acquired a lot of land – far more than I actually needed. For some time it lay idle and then, during the Second World War, it became a small-holding with animals as well as crops. When, finally, I did begin to create a garden for pleasure, I chose to specialise in trees and shrubs, partly because I was becoming increasingly interested in them and partly because they involved a minimum of labour (I did not then have much time to spare).

As retirement age approached, I began to wonder how long I would be able to

manage such a large garden. I thought I might have to sell the house and move into something smaller, but I am still there and the imagined difficulties have not yet occurred.

The answer to my problems has been to exploit every labour-saving technique, plus cultivating a relaxed outlook. I use all such machines and chemicals as I deem safe and useful – which is by no means all that are available, since it is often easier and quicker to do things the old way rather than the new. But I certainly could not continue to run an eight-acre garden without efficient ride-on grass-cutting machinery and effective herbicides applied and timed with understanding of their value, limitations and dangers.

I need good saws, lopping shears and secateurs, and they must be kept in good condition. I also need light but strong ladders; easy-to-use stainless steel spades; and reliable, efficient spraying equipment. This last requirement is the one I have found most difficult to satisfy. I am sure that, one day, some manufacturer will realise there is a good market for a garden sprayer that is easy to use, retains pressure even when old, and has jets that can be cleaned easily so that I do not have to carry a safety-pin for unblocking.

Above all, when you have a big garden, you need to be relaxed about its condition. An advantage of the present passion for "natural" gardening is that it is easier to be relaxed about management without seeming to be untidy. Only a very small area of my grass is cut short, lawn edgings often are blurred, and plants are encouraged to cover the ground so densely that weeds meet tough competition. And I actually like the result, which is the most important thing of all – for what is the point of scheming and working a lot and then being disgusted with what has been achieved?

I still find gardening completely absorbing. I love the changing of the seasons and have no wish for what would seem to me the boring continuity of the tropics. If I have to abandon my country garden because, even with all my aids, I am no longer strong enough to manage it, I might consider taking up orchids. Alternatively, I could grow rock plants on raised beds retained by dry stone walls, like those in the Saville Garden of Windsor Great Park. Then, I could dispose of all my machines and chemicals and do it entirely by hand. There are so many options for gardeners.

Fishing

The quest for a quick Quill

WITH WINTER'S grip upon us, it is pleasant to consult the fishing diary and to taste again the glories of that glorious summer. Or, rather, it would be pleasant if such a document existed . . .

I know perfectly well that a meticulous record of each day's fishing is an essential step towards joining the ranks of the experts. But I cannot keep one. At the start of each season, I resolve to mend my ways. I make entries for the first couple of days; then, mysteriously, comes a gap that lasts until the finish of the season.

Fortunately, I don't really need a diary to re-live the pleasures of the 1989 trout fishing season. It was a season remarkable for low water and high temperatures, a combination which, as summer progressed, made day-time fly fishing an uncomfortable waste of time. But in those late evenings, after the sun had sunk in orange and gold leaving its dying light in the western sky, then there was fishing to remember.

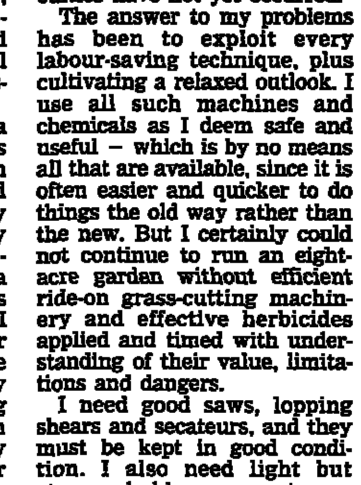
By late June, some of the regulars on the stretch of the Kennet which I fish were complaining about under-stocking. As the sun burned down on the shallows, they would observe, quite correctly, that there was not a trout to be seen. Come dusk, they would depart – and miss the moments of magic during which the river began to live again.

The first time I witnessed that resuscitation, I was fishing with a sedge (as is normal in high summer when darkness is poised to fall). I had caught one nice fish on it and was confident of more.

I came to a long, shallow flat, at the head of which a willow dipped its branches. Several trout were rising and I covered one, then another, and then another, without response.

It is normal for me to lose my head in such circumstances, and then my temper. But this time I forced myself to stop, to peer hard at the water, to think what they might be taking. I saw large, up-winged flies appearing, floating a little way and being swallowed. "Blue-winged olives!" I gasped.

The classic imitation of the blue-winged olive is the Orange Quill. Quite why this fly should be so deadly in a late-evening hatch is still something of a mystery, despite much pondering by



angling's greatest minds. One theory is that the orange body imitates that of the female spinner, which normally falls onto the surface at dusk. Another is that the colouration of the Orange Quill is the same as that given to all natural flies by the light of a summer sunset. What was more important to me was that I had half a dozen of the things – and they worked!

It was extraordinarily thrilling: standing in the middle of the river, facing the expiring light of day, flicking the fly on to the irradiated surface, seeing it vanish a moment after the surge of a fish, missing some of them, hooking others, listening to the protest of the reel as they took off, releasing some, keeping a couple, knowing all the while that I had the river to myself. I felt almost an expert as I drove home. The sensation was not destined to last.

A week later I was back, on another balmy night, on the same stretch, at the same hour. The hatch began again and I, the practised hand, tied on my Orange Quill. I floated it over three score of rising trout, at least, and caught just one. I remembered reading something about the selectiveness of trout when feeding on the blue-winged olive.

On subsequent evenings, through to the end of September, the constant factor was the hatch of olives and the rise of trout. My own performance was less predictable. Sometimes I got it right, not quite knowing why. At others, that damnable selectiveness defeated me.

But there was, now I come to think about it, another constant. Every evening was riveting entertainment, achieving that intermingling of failure and success, of frustration and achievement, which is at the heart of fishing's fascination.

Tom Fort

Caught in the middle of life and style

*Early retirement opens up the option of beating the British weather, says **John Brennan***

IT IS an old truism that Britain has enough housing, but that too much of it is in the wrong place. In the 1990s there is a new truth to weigh against the theoretical over-supply of homes: the existing housing stock simply does not fit the changed households of the decade.

In terms of conscious planning, such efforts as there have been to meet the housing needs of an ageing population have tended to concentrate on the elderly. That is understandable, given that there are 8.8m people aged 65 years or older at the start of the 1990s and that this group is projected to swell to beyond 12m by the end of the century.

As the number of those pensioners aged 75 or over within that total is expected to rise from 3.3 to 3.9m in the same period, every forecast for housing demand in recent years has pointed to a need for an extra 25,000 units of sheltered accommodation each year. These would accommodate existing homeowners trading down to more easily-managed property with some degree of on-site care. Additionally, there is a demand, on a similar scale, for rented sheltered flats and houses.

In practice, fewer than 40,000 purpose-built sheltered homes for sale were completed in the whole of the 1980s, and the current output runs at no more than 10,000 a year. Cash constraints have cut the provision of local authority and new town authority retirement properties for rent from more than 15,000 units a year at the start of the 1980s to under 6,000 a year now.

On that front, therefore, apparent demographic pressures and actual housing market response are way out of line. Yet that is a mere detail compared with the imbalance between the existing housing stock and the current pattern of new construction and the demographic changes caused by the arrival of Britain's middle-age-spread of population.

The movement of the immediate post-war "baby bulge" generation through the age ranges means that the 1990s is the era of the 45-to-59-year-olds. In absolute terms, Britain starts the decade with 9.5m people in this age range and is expected to finish it with more than 11m.

That increase alone would imply some change in the balance of housing demand. However, when it is combined with progressive shifts in the patterns of social and economic activity, it foreshadows as profound a change as the more widely publicised growth in the number of elderly homeowners.

But this is a change with a difference. The people of Britain's middle ages are far more likely to translate their theoretically different housing needs into actual demand for homes that fit their lifestyle. In contrast, the elderly have proved to be reluctant movers.

While demographic logic shouts the case for a substantial increase in the availability of housing that is better suited to the declining physical capacity of older occupiers, few of those older occupiers care to hear it. The ties of existing neighbours, of a mature garden, or of a familiar house, however ill-adapted it may be to the frailties of age, tend to have countered the generally poorly-marketed appeal of a sheltered home.

That sector of the housing market has failed to match its evident potential thus far in part because of sheltered housing's residual aura of re-institutionalisation. It has also been dogged by the unfortunate image created by high-density housing built by non-specialist developers whose priorities have been to pack 'em in and stack 'em high around a forbidding communal lounge in order to reap the highest sales yields from the smallest site area. The result is that sheltered housing has tended to be bought by people at the upper end of the age ranges, with sales leaning heavily upon demand from widows in their mid-70s and above.

Until developers start to think more in terms of "serviced" rather than "sheltered" accommodation, it is difficult to see what will succeed in cracking older homeowners' resistance to making that final trade-down.

There is no such resistance to change among the growing number of middle-age owners. Self-evidently, it is not so much the increase rise in the number of owners aged over 45 hat outdates so much of the current housing stock as the changes in living and spending patterns of these middle-agers.

Socio-economists have conjured up a mass of nicknames for this Third Age that lies beyond youth and family formation periods and before acquiring either the proverbial wisdom or the pragmatic aches and pains of old age. These are the "empty-nesters," households whose dependent children have grown and left the family home. They are also, in advertising-speak, the "Glammies" (Greying, Leisured, Affluent, Middle-Aged Spenders) or "Woopies," (Well-Off Older People). They do, in a nutshell, have real spending power.

As much as 80 per cent of all personal wealth in the UK is now property-related, and a disproportionate amount of that is in the hands of middle-aged people. This age range includes owners who joined the housing market in the 1950s and 1960s, when the average mortgage was less than £3,300. Even allowing for subsequent trading-up of homes and increases in the loans to finance those moves, that early start means that the over-45 are most likely to have historic mortgages on properties that have risen in value by an average of 1,400 per cent since the early 1960s.

The wealth effect of having this depth of residential equity is a key factor in the creditworthiness of the middle-aged and in their capacity and willingness to be the heavy spenders of the 1990s. Empty-nesters with high net housing worth, with greater disposable incomes following the departure of their children and with an age profile that makes them prime beneficiaries of the £9bn a year of inheritance money received on the death of a surviving home-owning parent, have all the potential to be one of the dominant forces in the housing markets of the 1990s. But that potential would be as latent as that of the elderly retired if they merely stayed in their empty nests.

Divorce, early retirement and such diverse factors as health, climate, energy consciousness, European economic integration and even education and fashion all act as pointers towards a far greater turnover of homes by the middle aged.

One in three marriages now ends in divorce, and the middle aged are beginning to overtake young married couples as the people most likely to break partnerships. Only around half of divorced people re-marry or reform a joint household, so each year some 50,000 empty-nesters move out of their family homes and into individual houses or flats.

Early retirement is becoming just as important a break in the pattern of peoples' lives as divorce. Some 10,000 people reach state retirement age each week in Britain, but the number of people retiring early has risen to nearly 2,500 a week. Retirement drives the average person's leisure time up from 25 to around 80 hours a week, may well sever locational ties and would certainly involve any owner of an under-occupied home to include its possible resale value in any review of his or her financial position.

In the 1980s the middle aged became increasingly health-conscious; assuming that extends into the 1990s, the appeal of properties with swimming pools, with sports and health spa facilities and properties close to golf or marina facilities will increase. The seriously wealthy can bolt such active sports areas on to their own homes; for the rest, that leads towards the kind of high-quality apartment blocks and secure, self-contained estates that are commonly mistaken as ideal homes for the younger executive market.

It is the Woopies, not the Yuppies, who have the buying power to become the occupiers of the newly-built serviced apartment and marina developments in the '90s. For the next decade or so there is a sufficient trail of younger people with growing families in the population to provide a market for these Woopies' outgrown nests so that they can encash the accumulated equity in their properties.

Age brings a greater awareness of household running costs, and even with higher disposable incomes and greater savings there is no reason to assume that the middle aged population will be unduely keen to waste any buying power on an inefficient home. That underlines the premium value of well-designed new homes where the heating bills are minimised and where the new owners do not have to face years of amateur adaption, repair and maintenance work.

Early retirement also opens up the option to beat the British weather for part – or, indeed, all – of the year by taking advantage of the progressive integration of the European Community and move to a home in sunnier climes. Even the suggestion of future restrictions on buying second homes Britain increases the appeal of an apartment on the Costas or a Manoire in France.

On the first rung of the housing ladder, new homeowners tend to buy what they can afford, pretty well regardless of its quality. It is those young first-time buyers who provide the main market for the most delapidated of older properties and who are willing to accept the most basic of modern housing "boxes" if the price is right. At the other extreme of the age range, the choice of purpose-built properties is so limited, and the demand so patchy, that even the most selective of elderly, last-time buyers have only limited discretion about the property they buy.

In a country in which the overwhelming majority of homes were built for another age, even the annual £20bn spent on home improvements and alterations can hardly be expected to adapt the housing stock to fit the needs of this quality-conscious market. There are now 3.3m homes in Britain that can claim to be antiques, having been built before 1890. A further 3m pre-date the end of the Second World War. Nearly 4.5m of the homes built between 1918 and 1939 still stand alongside the 7.3m completed between 1945 and 1970. That's a total of 18m out of the 22m houses and flats built before the term Woopie was invented.

It tests credibility to assume that homes built either for the larger, more stable family groupings of the first half of the century or the estate "boxes" created at speed to meet the sudden pressure of demand for a home of their own from the young parents of the 1960s and 1970s, could possibly meet the needs of those same, now middle-aged, buyers 20 or 30 years later.

At its most simple, the reduction in the size of, and the consequent increase in the number of individual households in the population pushes housing need out of line with the existing stock. In 1971, 354 homes were needed to house 1,000 people; now 387 are required to house the same number. If forecasts prove accurate, the ration will be 420 per 1,000 by the end of the decade. That change has the effect of countering the expected fall in the number of young first-time buyers in the 1990s. But the numerical balance achieved by matching the number of household formations to the current level of housebuilding completions sidesteps the point that the middle-aged buyers are looking for a different standard of property compared with the younger buyers they fill in for on the statistics.

James Morrell, in his most recent housebuilding forecasts for the Charterhouse Group, points out that with fewer than 20,000 demolitions a year, the average UK home now has a theoretical lifespan of 1,280 years which, as he says, "is plainly nonsensical." Given buyer-insistance upon higher housing standards, he believes that, "in all probability demolition will rise back up to around 100,000 a year."

Although that still implies an average life span of over 200 years, the return of the bulldozer to UK housing would make it possible to begin upgrading and adapting UK housing for the households of the century's end.

The Old Vicarage at Chesterton: strong interest at £585,000

Classic rectories keep their charm

AGE AND APPEARANCE may differ, but the common factors for a classic English country rectory are a generous size and a mature site which, thanks to the proximity of a normally far older church, is likely to be developer-proof. As a trading stock, they have the added advantage of having been out of production for at least three-quarters of a century.

After the First World War there were few equivalents to the Victorian and Edwardian churchmen with big families, homes with room enough for the staff, and stables enough for the horses. It is small wonder that privately-owned rectories make up one of the UK housing sectors where buyers have continued to outnumber sellers even in the bleakest periods of market inactivity.

Jasper Fielding, of Lane Fox's Banbury office, says: "There is always a good demand for these big family houses. During the past year we haven't seen the situation where there are dozens of people outbidding each other for each property, but there is no shortage of people who are looking and who have the resources to buy."

In a period when owners who are not under any obvious pressure to sell have been staying out of the market, "a number of cash buyers who have the capital to buy without a sale, as well as people who sold earlier and have been renting, thought that they would have their choice of properties. But a lot of them have been frustrated because there haven't been the properties for them to buy."

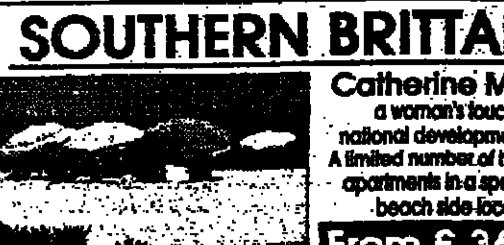
Fielding says that in the week before advertising The Old Vicarage at Chesterton, near Bicester, 12 miles from Oxford, a dozen viewings were organised on the strength of a mailshot to Lane Fox's existing list of clients seeking a rectory.

The modernised, Victorian house with six bedrooms, indoor pool and set in eight-and-a-half acres of timbered grounds and paddock, comes with a guide price of £585,000, with Lane Fox (tel: 0295-710592) as sole agents.

Chesterton is two miles from the Wendlebury junction of the M40 and two miles from Bicester railway station. Modernisation of the line is expected to cut the journey time to Marylebone, London, to under an hour. As a result, Fielding expects most of the bidding to come from London rather than locally.

"We've traditionally found that the real interest in these sort of properties in the Cotswolds and north Oxfordshire is from London, although there is always interest from Oxford itself," Fielding says.

J.B.



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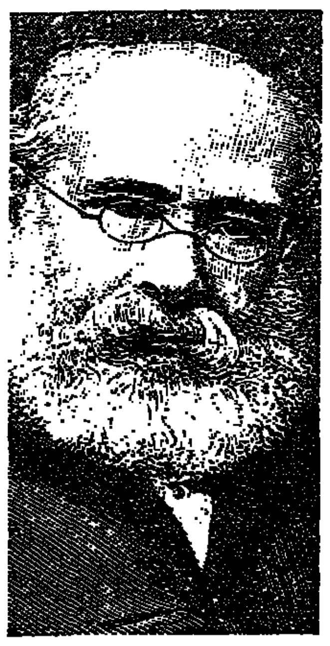
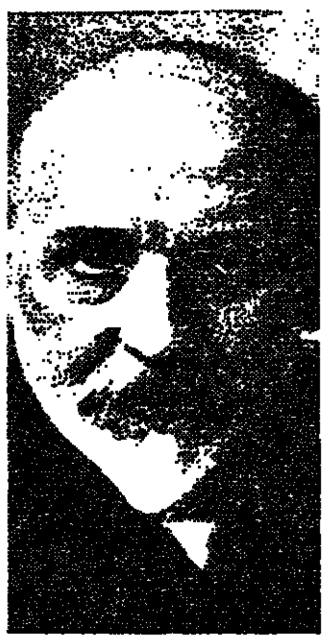





SUCCESS STORIES IN THEIR THIRD AGE: SIX WHO SHOWED THE WAY

Anthony Trollope (1815-1882) was employed in the Post Office and found fame as a novelist aged 40 with the publication of *The Warden*

Luigi Pirandello (1867-1936) was a lecturer poet and short story writer. He turned to playwriting at the age of 50 and his *Six Characters in Search of an Author* did not appear until 1921 when he was 54.

Sir Francis Chichester (1901-1972) was an amateur aviator who flew solo from England to Australia in 1929-30. But he is remembered as the man who sailed Gipsy Moth IV single-handed round the world in 1966-67, aged 65.

Benjamin Franklin (1706-1790) from Massachusetts started life as a printer and journalist. He began his researches into electricity at the age of 40 and crowned his career at 70 as a successful diplomat and later Minister to France.

Minna Keal, London composer, wrote her first symphony at the age of 78 and heard its premiere at last year's Promenade Concerts when she was 80.

Heinrich Schliemann (1822-1890), the German businessman and linguist extraordinary who retired early to make some of the greatest archaeological finds of the age. He started excavating Troy at the age of 50 and in 1876 opened the royal graves at Mycenae, declaring (optimistically as it proved) "I have gazed on the face of Agamemnon."

Portfolio Man: winners and losers

The Third Age can be a time of plenty and personal growth — or a bleak autumn of the soul for the not so fortunate, says ***Charles Handy***

IT HAS never happened before. Never before, in any society, have there been so many able-bodied people around for so long in what is coming to be seen as the third phase of their lives. This is the phase that comes after the first two of learning and of career and/or parenting, and before the final one of full retirement and dependency. For many, these days, this third phase starts at 55 or even earlier and will continue well into their 70s. It could be 25 years in all, a good quarter-century – or, for some, a bad quarter-century.

The numbers are startling. At the end of the century nearly 20 per cent of the entire UK population will be aged between 55 and 75. These people are not the stereotypical "elderly" of previous generations. The majority will be healthy and active and independent. The fourth phase, if it comes at all, comes later now and is shorter for most.

This is all new. We used to be employed for longer and die earlier. Pension schemes were calculated on the basis that many died within a few years of leaving employment. Retirement meant precisely that – a retiring from activity to sit out the years before death. There are therefore no precedents, no role models for this new generation. It is an invitation waiting to be picked up.

Some still think that it will not happen, that the drop in the teenage population will mean a shortage of labour and a new need to keep the "oldies" in the workforce. They are wrong. The shortage of teenagers is there all right, but ahead of them is the baby bulge of the 1960s, babies now in their mid-20s with 30 years or more of working careers ahead of them. In fact the potential workforce is set to *grow* by almost a million in the years ahead. We won't need the over-60s when there is still a lot of the under-40s, unless the over-60s have something very special to offer. Organisations, in fact, are likely to see their core work forces get younger rather than older; with fewer people working the harder careers will more typically last for an intense 30 years, not a leisurely 45.

What, then, will this new generation of the Third Age be doing? What will they live on, what will they buy, which way will they vote, what care and what resources will they need? These are the questions which today face society, and anyone over 50.

One thing only is certain: that there are no typical answers, because there is no typical Third Age person. Some will be healthy, wealthy and well-skilled, with property paid for, a pension secured, garlanded with qualifications and reputations. Others will be without health, wealth or skills, with only "the welfare" to fall back on and even the pub too expensive a club

The fortunate ones have a choice. They can continue to work as self-employed experts, selling their skills and their experience back to the kinds of organisations they used to work for. Or they can do something completely different, making a new life out of this new age.

One way or another they will be "portfolio" people, with a portfolio of different bits of work or activity, different clients or communities, and different interests. They will not be "retired," except in a technical sense, just as a 30-year-old tennis player "retires" from competitive play but not, one hopes, from life. Their finances will rest on four pillars (to use the phrase of the Geneva Association) of an occupational pension, a state pension in due course, personal savings and self-employment.

For such people the Third Age will be a time of great opportunity. They will find themselves repeating the old cliche: "I don't know how I ever found time to go to the office." Their skills will be useful to many communities, whether they choose to charge for them or not. Collectively they will be, for society, a reservoir of experience and expertise which we would be foolish not to use.

At the other end of the scale, however, are many who are less prepared for a time in their life which they never expected. The unskilled and semi-skilled workforce is in no condition to take on a "portfolio life" of self-employment, and the weekly wage packet has had little left in it to contribute to any of the four pillars except the statutory one of the state pension.

If this part of the population is not to be condemned to 20 years of emptiness we shall need to consider urgently how best to give them the means, the structures and the skills that will allow them to participate more fully in society and to enjoy the potential of the Third Age.

The challenge and the questions are clear. The answers are not. Those answers will no doubt be sought from government, but answers are also needed from business and from organisations of all sorts, for these people, too, are resources if properly used. Tesco, the supermarket chain, is reported to have found that pensioners, offered two or three days a week of supermarket work, are more reliable, conscientious and affable than the company's teenage workforce, and that they greatly enjoy the chance to go out to work for part of the week and to get the extra money. Other employers, too, might find that the personal and social skills of older workers more than compensate for their lack of technical skills, and that part-time work for their age group is something desired and not resented.

For many women, of course, the "portfolio life" of the Third Age will seem little different to the world they have always known. It has been a peculiarly male habit to separate work and leisure into blocks of time, to be done in different places with different people. But women have always known that life is more mixed-up than that. What will come as a shock to men when they leave their full-time office lives behind them will be more of the same for women.

For a lot of women, in fact, the Third Age may be the opportunity to turn some of the bits and pieces of their "portfolio" into larger chunks, to give more time and energy to their outside interests, just as long as the nest that is now empty of children does not get filled with ageing parents. Perhaps, however, we shall see the care of dependants becoming a more common part of the portfolio of Third Age husbands, helping to set a new trend in society.

It is, in fact, the trend-setting effect of the Third Age generation which may turn out to be its most lasting contribution to society. There will be a lot of these people. They will be living different lives with different priorities. Most will have acquired enough material things; it will be a stage of slimming-down. They will tend to spend their money on time instead – time for travel, time for learning, time for new interest, time for friends; and they will not be savers but net *disposers* of income.

Their preferences will swing the high streets away from their past preoccupation with youth. Many in the Third Age are likely to be less concerned with public recognition and achievement than with personal fulfilment. The care of others, respect for nature and the environment, a resurgence of religion; these may be some of the hallmarks of at least part of the Third Age, but so too may be an entrenched conservatism, a resistance to change and a desire to cling to things past. The people of the Third Age will never be neatly classified, because it is a time made for individual differences, a time for variety to flourish and for personalities to blossom. That accent on individualism just might be the most infectious of their habits.

What to do and what to live on will no doubt be the most immediate preoccupations of those entering the Third Age, but the most difficult decision may turn out to be when and how to die. No-one will enjoy the Fourth Age, nor will anyone enter it willingly. Before long we shall have to turn our collective minds to this most difficult of questions. In the meantime, the best and cheapest solution for society is to keep as many people as possible lively and self-supporting in their Third Age. For that to happen we need to start planning *now*, both as individuals and as a society.

■ *Charles Handy is Visiting Professor at the London Business School and author of* The Age of Unreason.

Cartographer of a future crisis

PETER LASLETT is 74, and it was appropriately late in life that he took up his research into the ageing of populations and the consequences for society. Some of the results appear in *A Fresh Map of Life**, a guide to a phenomenon peculiar to western nations of the late-20th century but one which, he says, will eventually affect the whole world. For him, ageing is "the most important of all developments in the history of population and social structure."

Laslett was born into a Baptist family and has carried the spirit of non-conformism into his academic career, challenging the conventions of the British university establishment, exposing a number of historical "facts" as myths, and suffering the counter-attacks. Politically, he is a Labour supporter, but no Marxist.

A life Fellow of Trinity College, Cambridge – surely one of the most elite communities in the world – Laslett says that he is irked by elitism. It is not just affectation. Much of his extra-mural life has been spent campaigning for popular knowledge and popular understanding (if of the higher sort), and he says he feels strongly the civic responsibility of the academic intellectual. After the war he was involved in cultural radio broadcasting, helped found the Open University and set up the less-known University of the Third Age, a self-funding network of learning groups for the retired.

Laslett is a historical sociologist, an historian of the family, classes and societies who uses demographic records, statistics and databases to show how countries compare one with another and how they change over time. He founded, with E.A. Wrigley, the Cambridge Group for the History of Population and Social Structure in 1964, which quickly established a reputation abroad but which had to overcome academic disdain in the UK.

Today, Laslett's is a specialism that looks like coming into its own as the so-called demographic timebomb commands more and more public attention. He has been consulted by a Select Committee of the British parliament and by academic institutions in China (where the one-baby birth control programme will make Britain's demographic timebomb look like a popgun).

It is not just by virtue of his profession and his years that this Cambridge academic claims special knowledge of the Third Age. He has also experienced the incredulity encountered by those who change *metier*, (as many Third Agers are predicted to do in coming decades). One of Laslett's earlier works was a study of the English philosopher John Locke, based on the discovery of the remains of Locke's own library. For some time afterwards, other academics found it hard to believe that there were not two Cambridge Lasletts. Now they are having to come to terms with a third: the historian with the perspective to explain to us collectively the meaning of our middle age.

**Weidenfeld & Nicolson. £16.95.*

Christian Tyler

Tony Andrews

Peter Laslett: personal experience of a change in *metier*

The Middle Ages of Britain

CONTINUED FROM PAGE I

The last peak of the post-Second World War baby bulge occurred in 1964. Since then, the birth rate has declined so far that Britain finds itself one of the oldest countries in the world. Indeed, it is one of the oldest in history, says Dr Peter Laslett, a 74-year-old historical sociologist at Trinity College, Cambridge, and a co-founder of the Open University. The number of 16- to 19-year-olds in the labour force will decline by nearly a quarter by 1995. Of the nearly 1m people expected to join the labour force by then, more than 80 per cent will be women. They will make up 44 per cent of all workers by the year 2000. The over-60s will be nearly a fifth of the population in two years' time and nearly a quarter in 2025. The number of over-65s has risen from 5.5m in 1951 to nearly 9m and will increase to 11.3m by 2025. The number of over-85s will almost double to 1.4m.

Britain is not alone in this. West Germany is in a similar position and Japan, while still comparatively young, is ageing faster than any other country. In time, the poorer, developing countries of the world will follow suit. The development was predictable and predicted. But, as usual with these things, it seems to have taken Britain by surprise and most of the country's rules are still designed for a different age. In the past 12 months people have noticed, for instance, that policemen on the beat are looking older – because, in many parts of the country, they *are* older.

The supply of potential young recruits is falling and their wages are soaring. The army revealed something called Marilyn (not a survey of barrack-room pin-ups but the acronym for Manpower and Recruiting in the Lean Years of the Nineties) and announced that many more women soldiers will be recruited. Imperial Chemical Industries, the industrial giant, said it had been hiring more graduates than usual, partly to stock up before the supply evaporated in later years. Politicians and public administrators began to discuss the consequences for the labour market, state pensions and the official retirement age. A parliamentary select committee reported on The Employment Patterns of the Over-50s. And – final proof that ageing is now an Issue – the Confederation of British Industry and private management consultancies began organising seminars on the subject.

The commercial world woke up to the demographic facts somewhat earlier. Designers, advertisers and publishers are now busy re-positioning their products. The financial services and retirement planning companies are preparing for a field day. The fashion industry is already there. "At 40 now, a woman doesn't feel old," said Janine Roxborough Bunce, adviser to Elizabeth Arden and other fashion concerns. In the US, new women's magazines have been launched. Typical is *Lear's* ("for the woman who wasn't born yesterday"), which carries profiles of glamorous women in their 50s and 60s and remarkably few advertisements for wrinkle cream. In London, Heather Love, publishing director of *Woman's Journal*, said the magazine had not previously admitted its appeal to mothers as well as their daughters; earlier this year, it decided to own up to its age. The resulting publicity campaign included slogans like "What do little girls read when they grow up?" and "A big girl's browse."

Manufacturers are moving discreetly up the age bracket. In the garment trade, for example, the Burton Group is re-designing its Top Man shops, once aimed at customers between 18-24, to draw in 30-year-olds and it is building shops within shops for the 45 to 55 age group. Designers are warning their manufacturing clients. "We need to move fast in the direction of bigger taps, buttons, door keys and handles," according to James Woudhuysen, head of a division of Fitch RS, a design consultancy. No startling new aesthetic is required, he says, just correction of "functional errors in product design."

The Centre for Applied Gerontology at Birmingham University tries out its ideas on a group of the over-60s called The Thousand Elders. A few big corporations such as Philips and Volkswagen are beginning to design for an older market. "People are realising that the youth culture is over and they are not quite sure what to do about it," said Janine Roxborough Bunce.

The most obvious effects are to be found in the labour market. Some employers, feeling the pinch already, have been offering starter bonuses to young recruits: wage rates for 16- and 17-year-old boys

went up a startling 36.6 per cent in 1988-89. Wiser employers have refused to join this auction for school-leavers and have changed their entry rules instead. British Telecom announced this year that it would take apprentices up to the age of 41; British Rail is taking people up to the age of 46 for training as engine drivers.

Tesco, the supermarket chain, is advertising for people over 55 and now takes them up to the age of 69. Another big chain store, B&Q, the do-it-yourself retailer, opened a shop in Macclesfield, Cheshire, staffed entirely by people over 50. Janet Rubin, the company's personnel director, said 600 applied for the 60 vacancies. There was, she added, a much lower staff turnover at that age (some shops have a turnover of 100 per cent a year) and their attitude to customers was better generally.

There are equally big implications for public policy: the cost to the state pension system, for example, and the re-design of employment and training schemes. Although no worker shortage is forecast, some experts are worried. At a time when the country might need them to stay longer in paid employment, people are becoming ever-keener to retire early. There are also doubts as to whether Britain can find the means to re-train what looks like an under-educated population.

Evidence given to the parliamentary employment committee revealed that employers have fought shy of older workers, not so much because they demand higher wages or are more likely to be ill but because they are "too set in their ways." This raises a further question: should Britain follow the US and legislate against "age-ism" in the same way it has sought to outlaw discrimination on grounds of sex or race.

The committee did not ask for legislation against discrimination. Its first recommendation was that the Government should follow-up its declared approval of the so-called decade of retirement.

This means allowing people to retire at any time between the ages of, say, 60 and 70, their pension being less if they leave before 65 and more if they go after. Certainly, British politicians will have to be much more attentive than they have been to the demands of the pensioners' lobbies. An analysis of the last general election campaign revealed that candidates showed an almost foolhardy disregard of this already-big slice of the electorate.

If it means anything, the ageing of Britain means the end of the youth culture that has dominated commerce, business and show business since the 1960s. It implies not only a change in corporate strategy and the labour market but, more interestingly, a revolution in attitudes and values. At all ages, people resent the question: "How old are you?" because they feel instinctively that the correct answer, their calendar age, is a bad description of them. It is the age they feel (or look) that counts. When celebrities like Joan Collins and Tina Turner can flaunt their bodies cheerfully at 50, perhaps it is time to re-think the age limits for everything else as well. Liz London, author of a coming book on older women, says: "We don't want to look like little girls of 20; we don't want to be considered yesterday's news."

Those who have studied the question say substituting subjective age for calendar age could be one of the best ways of dealing with the problems that the ageing of the population presents, such as the shortage of new trainees at one end and the cost of the state pension at the other. But that requires us to re-examine assumptions about age and ability. Does the fact of the population getting older mean it is getting less productive? Is the first half of life really a preparation for the second?

One person certain it wasn't was C. G. Jung. In *Modern Man in Search of a Soul**, he wrote: "Thoroughly unprepared, we take the step into the afternoon of life; worse still, we take this step with the false pre-supposition that our truths and ideals will serve us as hitherto. But we cannot live the afternoon of life according to the programme of life's morning. For what was great in the morning will be little at evening, and what in the morning was true will at evening have become a lie . . . For a young person, it is almost a sin – and certainly a danger – to be too much occupied with himself; but for the ageing person it is a duty and a necessity to give serious attention to himself."

It is a kind of paradox that many of the policy decisions affecting the old (compulsory retirement or redundancy, for example) are made by people – government ministers or directors of large enterprises – who are themselves just as old. As the select committee said, age discrimination would soon wither if those in charge of policy bothered to look in the mirror.

This paradoxical behaviour highlights neatly what is perhaps the most interesting question: whether our whole picture of youth and age will be changed. If politicians, senior civil servants and businessmen do not feel too old at 50-plus to take on big new responsibilities, why should anybody else be considered past it?

Attitudes to age are not justified by the facts, according to Peter Laslett, who has written in statistical parlance on the same theme that struck Jung in the 1930s. He contends that our language is not merely patronising, it is plain wrong. We talk, only half jokingly, of "wrinklies" and "crumblies," unaware that only a small minority of the elderly ever suffer serious illness or *disability*. At most, one in five or six people will be affected after the age of 80. Only 3 or 4 per cent of the over-65s are in old people's homes or hospitals. "You are quite likely to die in a hospital but very unlikely to be there for any length of time before your final illness," he says.

Old people are not as slow to learn new subjects as they think, and some of the best Open University students are the elderly. Nor, except in rarefied fields like mathematics, does creativity decline greatly with age. The story of Minna Keal, the 80-year-old London woman whose symphony was performed at the Proms this year, is a case in point.

If the old are much younger than we (and they) usually think, we need a different attitude to retirement. The more educated, middle-class retirees have the knowledge and the income to spread their wings. For example, several thousand of them have joined a network of self-help teaching schemes called University of the Third Age, an organisation that has its counterparts in 12 other countries. But for those whose education was skimpy and whose income is low, legislators may have to consider much greater public provision. As 72-year-old Leonard Wensley, a former marketing executive in industry who runs the University of the Third Age in Cambridge, says: "Just because people reach 60 or 65 doesn't mean they change overnight from human beings to cabbages."

*Trans. Dell and Baynes.

Wine

Memories of vintage years

Plan ahead for the Third Age, says ***Edmund Penning-Rowsell***

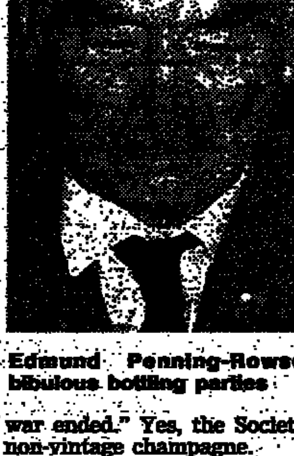
THE FIRST glass of wine that many of us drank was probably at the family Christmas dinner: a very *sweet*, slightly yellowish bottle labelled Barsac, which for us went down equally admirably with the turkey and the Christmas pudding. Save for special celebrations such as weddings (for which champagne of undisclosed source was *de rigeur*), wine was a rarity for most grown-ups in those pre-war days, confined to a very small section of the population who were mostly supplied by merchants in or around St. James's, London SW1, or in county towns.

I grew up alcoholically with the sherry party; invented, it was claimed, by Carl Williams of Williams & Humbert, the sherry house, in place of the cocktails of the '20s that the world slump of that time had priced out of many pockets. If such popular brands as Dry Sack and Dry Fly were less dry than their labels suggested, sherry marked a return to a healthier drinking. However when my wife and I – recently married – gave a sherry party, Dylan Thomas, one of the guests, sent out for beer.

The first case of table wine I acquired was a wedding present of non-vintage Moulin-à-Vent from Berry Bros. (One cannot imagine this wine being sold without vintage today). Then I was tipped off to import wine from a firm in Nantes, Théophile Guillon, which was said to supply that renowned tippler, Hilaire Belloc. I imported casks of Muscadet, Tavel and St. Emilion and held bibulous bottling parties in a Bloomsbury basement. The duty was then 8d (3p) and the total net cost per bottle was 1s 10d (9p). The second and last consignment strangely enough crossed the English Channel in January 1940 during the "phoney war."

I had already become a minor customer of Avery's of Bristol, and Ronald Avery's lengthy replies to my ignorant but eager queries formed my first education in wine. In those days there was nothing like the spate of books on wine that now flows so unceasingly. George Saintsbury's classic *Notes on a Cellarbook* (1920) dealt with an already very remote period of wine-drinking, much of it in the last century. Otherwise there were the occasional rather over-charged descriptions and evocations of wine, nearly described later by Cecil Ray as "the baroque school of wine writing," the excellent but not widely known *A Book of French Wine* (1928) by *Morton Shand*, and then the more practical *Constable Wine Library* (1934); but little else, and in the press nothing but the routine pre-Christmas article.

Fearing that the war might really break out and we would be isolated from the continental wine regions, I joined the International Exhibition Co-operative Wine Society. This did not provide much in the way of wine education, for in those days no merchants provided any notes on their listed wines. One was expected either to know all about them or to visit the offices for a discreet discussion over a glass of sherry. However, although after Dunkirk the Society had to ration its members to three dozen bottles a month – much more than I could afford – and later had to reduce it to a mixed case twice a year until 1945, this at least enabled my daughter to begin drinking wine much earlier in life than her father, and to boast to a friend "we drank shampoo when the



Edmund Penning-Rowsell: bibulous bottling parties

war ended." Yes, the Society's non-vintage champagne.

This slice of vinous autobiography has been given to show the enormously different opportunities and outlets that exist today for the aspiring, not-very-affluent wine drinker. Although a certain amount of wine was sold in widely-scattered licenced grocers, seriously and discriminatingly it was available only from traditional wine merchants and, unlike today, a mere handful of these had visited even the leading French vineyard regions. Instead they relied on agents mainly grouped together in the City of London, backed by occasional, largely social visits by their principals in Bordeaux, Oporto, Rheims etc.

The big change really took place in the '60s, with the far wider distribution of licences and the abolition of resale price maintenance. This led the brewers and some other drink concerns to realise the possibilities of diversification, and they went round the country buying up wine merchants, often at ridiculously high prices. Then the grocery chains saw their opprtunities for one-stop shopping that could include wine buying. Sainsbury's secured its first licence in 1962 and gradually expanded until now they have 280 licenced premises that sell 1½m bottles a week. Waitrose now has nearly 90 shops, while Marks & Spencer, traditionally cautious, started selling wine only in 1973.

However, the accessibility and abundance of wines available (Sainsbury's alone has 350 different ones) has in a way proved a disincentive to collecting and storing wines on a more *restricted range*, as was sensible when these could be acquired from a merchant who would, if desired, store one's purchases for a period without charge or for a nominal rent. Why go to the expense of buying a case of Ch. A when, if it sells out, Ch. B round the corner is unlikely to be all that different; and if the Australian Chardonnay has gone, there's the New Zealand one on the shelf.

Nevertheless, the prominence given wine today can stimulate a more than meal-to-meal interest, and from this it is but one step towards buying for drinking ahead. The development of the last 10 years or so of "opening offers" of new vintage wines has certainly encouraged this, especially for claret, which is particularly suitable as it can be bought in quality and price all the way from leading classed-growths to be consumed far ahead to *petits châteaux* drinkable within a few years.

It must be admitted, however, that those who in middle life have taken to wine as a hobby can be very boring to their families and to those whose special interests – be they gardening or postage stamps – are not required constantly to be expounded across the dining table. On the other hand, for those who have drawn the cork of a long-held, precious bottle, it is less than satisfactory to have to contribute to the glasses of teenagers who would rather drink fruit juice or cola.

Consequently, those who have amassed some stocks of fine wine in their 40s and early 50s may find the time in which they can secure the greatest pleasure from their wine is in later life; and possibly when retirement provides more relaxed opportunities, together with similarly placed fellow wine amateurs, to consider and discuss a line of fine bottles.

But this has to be prepared for well in advance. One is never going to be short of sound wine for current drinking, either from a supermarket or a traditional wine merchant; but finer growths, whether from France, Germany, Italy or the New World, are nearly all worth buying early and keeping. This applies to state bottled Moselles as much as to Barolos and Hermitage; and buying early may be the only way to secure them, since few merchants can now afford to carry large stocks, and if they do their prices must reflect high interest charges. The exceptional 1963 vintage ports that cost £1 a bottle when first offered in 1966 will today set one back £50.

When one buys the latest claret or red burgundies on offer some estimate might be made as to how long ahead one hopes to drink it in a mature state. For a classed-growth claret of a fine vintage 15 to 20 years is no exaggeration (v. the '75s and '70s); for red burgundies at least 10 to 12. Leading white burgundies, such as '85 and '86 should be delicious at 10 years and maybe more. This also applies to the special Rieslings from the leading Alsace firms; and who has not been disappointed by recommended Italian Barolos and some of the special Tuscan and Veronese *vini da tavola* because they had been opened far too young?

With an unusual assortment of good vintages to hand, this is a good time for wine amateurs of both sexes to look ahead to a likely time of retirement, a reduction of business or professional responsibilities, or an elimination of many family chores. This should provide occasion to open in company bottles bought years in the past at self-congratulatory low prices but now fully mature: a continuing period usually more extensive than often thought.

Jancis Robinson's new *Vintage Timecharts* (£19.95) may be of assistance over this. Those who envisage their Third Age arriving within 10 years should look to their stocks of '82, '83 and '85 clarets; '85 and maybe '87 red burgundies; '83 and '85 Northern Rhônes; '82 and '85 generally for Italian wines; '85s and '86s for white burgundies; and '85 and '88 for German wines. For vintage ports the '77s might be the best bet.

For those looking further ahead the claret vintages to look for are surely '86, '88 and, no doubt, '89 when available later this year; in red burgundies '88 and '89. For Rhônes '88 and '89, but only '88s for most Italians. White burgundies were excellent in both '88 and '89, especially the latter. For German wines the next fine vintage should be acquired, and as for vintage port one can look no further ahead now than the excellent '85s.

Port: which years to pass

THE QUINTA do Noval, situated beautifully above Pinhão on the upper Douro river and owned by the van Zeller family, produces the only Portuguese-owned port admitted to parity of prestige with the British-based houses, although it is not a member of the Factory House (formally called the British Association), a club of essentially British concerns.

Quinta do Noval made its international reputation with the famous 1931, which was not generally declared because it coincided with the depth of the inter-war world slump. A few other houses produced a vintage in this year, notably Martinez, Rebello Valente and Warre, but made little of it. But Noval was special. Originally sold in Britain at 40 shillings a dozen (no-one bought single bottles of vintage port in those days), and with a large proportion going into Oxford and Cambridge college cellars, it now fetches about £240 a bottle at auction. The "National" reserve, made from ungrafted vines, made £700 at Christie's in 1988, while the Noval '31 secures at auction the highest price of any 20th century port.

At a recent tasting in London in the Portuguese Embassy, a run of Noval vintages from 1985 back to 1927 was shown, including nine of the rare "Nacional" wines – from 1985 to 1962. Between 120 and 240 dozen of this wine are made each year but are never sold; merchants who buy a minimum of 110 dozen of a declared vintage are given a case of the "Nacional."

Below are my comments on the tasting, incorporating extracts from Quinta's own notes on the weather during the growing season.

1985. After a freezing winter and a damp spring the summer was magnificent. I found the normal vintage wines rather raw after two years in bottle, with the brandy not entirely integrated into the wine. But the "Nacional" had much more depth of flavour and was much rounder: heading for distinction.

1982. After an exceptionally dry winter and a hot, arid summer, the vintage was one of the earliest within living memory. It divided the houses, for some declared 1982 and others 1983; and hitherto the balance of opinion has favoured the 1983.

Although the quinta's note stated that it was "a wine of great staying power carrying it well into the next century," it struck me as having a spirity nose and rather a dry, tannic taste which gave it a lack of balance, but which perhaps predicts long life. The "Nacional" had more depth of flavour and better, more fruity balance, but less character than the 1985.

1978. A cold, wet spring was followed by three months of drought. Noval was the only leading shipper to declare this vintage, perhaps because it had failed to do so for the 1977, considered perhaps the greatest port year since 1963. This was surprisingly pale, and the "Nacional" little deeper, but with more richness than the no more than moderate-quality normal wine. However, neither had great character.

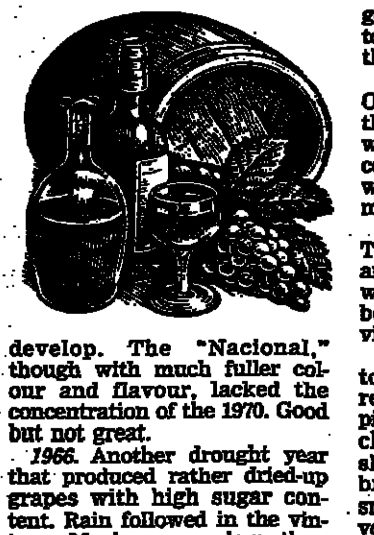
1975. The year of the Portuguese Revolution. The vintage took place after a scorching summer. Also rather pale and on the light side in flavour, but now 14 years old and an attractive wine for early drinking. The "Nacional" had much more colour and a notable depth of flavour.

1970. The hot spring and summer was followed by rain at the beginning of September that swelled the grapes and resulted in a big crop. A really rich, full-bodied wine already well developed, but will certainly improve. The "Nacional" is a knock-out: rich, wonderfully concentrated; a huge wine, now drinkable, but it would be a pity to do so.

This was my favourite wine before the 1931 – vintage port as one expects it to be. It was the last generally-declared vintage that could be shipped in bulk, to the irritation of traditional British merchants, who reckoned that they could do it better in their cellars, but there were variations.

This is probably the oldest vintage Noval likely to be found generally available on merchants' list. Those to hand include Berry Bros & Rudd, London, SW1 (£28.50); Corney & Barrow, London, EC1 (£25.00); and The Wine Society, Stevenage, Herts (£22.00).

1967. Produced but not declared by Noval. (Cockburn was exceptional among the top houses in doing so). An agreeable glass of port, now near its best with little more to



develop. The "Nacional," though with much fuller colour and flavour, lacked the concentration of the 1970. Good but not great.

1966. Another drought year that produced rather dried-up grapes with high sugar content. Rain followed in the vintage. Much more colour than the 1967, and a well-balanced wine for current drinking. Not much behind it. The "Nacional," usually deeper coloured, was much the same as the normal but had more fruit on the nose and richness on the taste. This may develop.

1963. The most classic vintage since the last world war (until perhaps, the 1977) followed a summer without extremes of weather and with some useful rain before the picking. A lighter colour than I had expected and lighter on the palate also, perhaps reflecting the "feminine charm" sometimes attributed to Noval. Good, well-balanced and very enjoyable, but for me lacking quite that depth of flavour I had expected and which I have found in other shippers' wines.

On the other hand, the "Nacional" had a huge colour for a 26-year-old port, fine depth of bouquet and great concentration of flavour. A wonderful wine that surely has years before it, but I would not say this of either of the two bottles of the normal vintage available at this tasting.

1962. Not a declared vintage, and only the "Nacional" shown. This is always made, except in disastrous years. Light in colour, nose and flavour by "Nacional" standards: an agreeable wine for drinking now, but unlikely to improve.

1960. A light vintage that in general made attractive, easy-to-drink wine. Now very pale, this needs drinking.

1958. An unusually wet year. Only a few houses declared this vintage, but the colour was fair, with a lovely, forthcoming bouquet. Not a great wine, but very drinkable and much superior to the 1960.

1955. A very fine vintage. This has more colour, bouquet and flavour than the 1958: rich, with perfect balance; port at its best save for exceptional vintages.

1945. A small vintage, owing to post-war austerity quota restrictions; the grapes were picked in baking heat. A big, classic port that developed slowly. The colour is now brown-tinged, the bouquet smooth and elegant, the flavour long in the mouth. Very well balanced.

1931. After a comparatively cool summer and a scorching September the vintage took place in perfect conditions. Amazing depth of colour for a port nearly 60 years old, with a rich, chocolatey nose, and rich, concentrated flavour. Perfectly balanced, showing no sign of age – delicious drinking.

1927. Early rain was followed by a burning-hot summer. A late vintage, the wine has still good colour, with a brown edge and a fine, mature vintage port bouquet and a taste of velvet. One of the most celebrated vintages of the century, it has nothing more to give but as yet has lost nothing.

Edmund Penning-Rowsell

Cookery

You can't beat broth

Philippa Davenport *warms to an old and hospitable tradition*

IF YOUR Christmas seemed soggy, remember that nowhere in Britain suffered more than two inches of rain in two days. In Spain in late November, five inches fell within 24 hours, turning the five-hour drive from Jerez to Baena into an unforgettably awful experience.

Happily, though, the nightmare and the nausea were lifted almost as soon as I tumbled from the bus into the handsome courtyard of the *almazara* (mill). The journey may have been miserable but the warmth of the welcome we were given by our hosts – the Nunez family, who have been producing golden extra virgin olive oil since 1795 - was the best sal volatile I have ever encountered. And better still was to follow.

Almost instantly, trays were brought in and cups of perfectly clear, pure, rich chicken broth were handed down to us like manna from heaven, the comforting chickeny smell mingling with the scent of the logs to produce a winning recipe.

A second flunky followed hot on the heels of the first, pouring fortifying splashes of sherry into the broth of those who wanted it. Our soup cups were removed as soon as drained (with lightning speed in my case) and fresh ones offered in their place, again with the optional shot of sherry. Seldom, if ever, have my spirits and my well-being been so deliciously and so swiftly revived.

As a result, I have made a mental note to greet my own visitors more thoughtfully during the next couple of months when winter tends to be at its wintry worst and even quite short distances travelled cross-country can assume the hazardous qualities of an Arctic trek.

I like, too, the idea of bringing back the practice of serving broth to departing guests. I remember being told that in the early days of motor travel broth was often served at the end of a ball to fortify the revellers and prepare them for the homeward journey. I dare say it helped, marginally, to clear their heads as well as to warm them. What a sensible sort of "one for the road."

Pheasant (or turkey/chicken) soup with pomegranate

This basic broth is equally suitable for greeting travellers or sending them warmly on their way. Add the finishing touches to turn the broth into a soup of dinner party status.

Take the carcasses of a brace of recently-roasted or casseroled pheasant. Pick a few scraps of cooked meat from them and save to garnish the soup if you like. Put the rest into a stockpot (turkey or chicken carcasses can also be used, or use fresh chicken wings bought expressly for the broth if you prefer).

Add three or four celery stalks, snapped into short lengths, and two onions, roughly sliced but with their skins left on for the sake of the colour they give the soup. Cover with plenty of water, bring to simmering point and skim well. Add a curl of orange peel, a large bayleaf, two or three sprigs of thyme, a pinch of salt and a few peppercorns.

Cover with a well-fitting lid and leave to cook over the gentlest possible flame or in the bottom oven of an Aga for several hours to extract full flavour. Take care not to boil or the stock will turn cloudy. If only the occasional bubble breaks the surface, the liquid will remain as clear as consomme and need no clarifying.

Strain the stock carefully through damp butter muslin and discard the solids. Fast-boil the topaz-coloured liquid until reduced to 2 to 2¼ pints of rich, gamey broth and add salt to taste.

In the past it has been my habit to garnish the soup with reserved scraps of pheasant meat plus a few button mushrooms, sliced paper-thin and cooked in the broth for a minute or two before serving, and a scattering of blanched and flaked almonds added at the point of serving.

Recently, inspired by reading Anna del Conte's description of a renaissance wedding menu and her adaptation of an ancient soup garnished with the garnet-gleam of pomegranet seeds, I have taken to using these in place of almonds. Their jewel-like brilliance and their juicy bite make a lovely foil for the buttery soft mushrooms, and the effect is most dramatic if the garnishes are served dry in soup plates and the hot fragrant broth is ladled over. Three ounces of mushrooms and one small pomegranate is enough for 2½ pints of of broth.

Savoury puff pastries

These are far from essential accompaniments to pheasant soup with pomegranates but they partner it splendidly when the soup is served at the dinner table rather than offered in cups.

Crush 1 teaspoon of cumin seeds with mortar and pestle until reduced to a coarse powder. Mix with 3 teaspoons of sesame seeds. Roll out thinly a 7 or 8 oz packet of puff pastry. Brush the top very lavishly with the yolk of an egg beaten with 1 to 1½ teaspoons of milk, keeping clear of the pastry edges. Sprinkle the spices over the freshly-painted pastry and add a scrunch of Maldon salt.

Using a sharp knife cut the pastry cleanly into triangles. Lift them with a palette knife onto a baking sheet and bake at 425°F (220°C/gas mark 7) for about eight minutes until puffed up, golden brown and aromatic. Serve straight away or cool on a rack and store in an airtight tin as soon as cold.

The pastries will keep for a couple of days, but be sure to reheat them briefly but thoroughly just before serving to renew their freshness.

Food for Thought

My usual table for one, please

AS I live alone, I eat alone. Not every day, I hasten to add, but often enough for it to become a cause for reflection.

Eating alone means eating in. In continental Europe, where restaurant culture is better implanted than in Britain, I should simply take my book down to the local restaurant. In Britain, restaurants are thinner on the ground and they tend to look askance at the solitary diner who takes up a table for two. Edible food is seldom encountered in pubs, and when it is, hogging a table gives rise to a similar resentment. You pay less for eating at home and the food is potentially 10 times better.

My life is sedentary. Most of it is taken up with reading, writing, tasting and eating. I value those moments which break up the routine, such as the five-mile walk in London to the British Library and back, or the moment when I begin to think about putting away my papers and putting on my dinner. I have no television; cooking, therefore, has become a means of winding down at the end of a working day.

Unless it is work, lunch is a meal I take pains to avoid. In the summer I eat a sandwich at my desk: some good ham carved off the bone, pressed tongue with German gherkins, a hunk of nibbling cheese such as Comte, Gruyere or Emmenthal. In the winter I might eat a baked potato with Tuscan olive oil, pesto or tapenade, or

a bowl of soup.

Soup is a problem for those without a family. You need stock, and for stock you need the sort of bones not usually found in an anchorite's home: ham bones, lamb bones, poultry carcasses, fish heads etc. If you do make stock, it gets bitter with reheating. Commercial soups, therefore, look like the only solution.

The drawback about commercially-made soups, however, is they are normally so bad. The only tinned soup I ever buy is Mulligatawny, and that only because the spices appear to do the trick after a heavy night. Fish soups in jars can be good from certain fishmongers, but the jars are simply too big for one.

One of my great disappointments has been the Covent Garden Soup Company, whose soups are now available from delicatessens: too much flour, too much concentration on the needs of vegetarians (carnivores eat soup, too), and greasy chicken stock in the meat-based products. The solution to the dilemma lies in a new range of prepared stocks called Fonds de Cuisine, created by David Chambers of the Michelin-starred Meridian Hotel in London.

These veal, beef, chicken, fish and vegetable stocks can be simply combined with liquidised vegetables to make authentic soups. The containers come with recipes on the lids, and Chambers gave me another for vegetarians: using the vegetable stock, sweat some onions in a pan and add stock, frozen peas and mint. Fonds de Cuisine are sold by Harrods, Fortnum and Mason, Selfridges, Partridges and the top 140 branches of Tesco. Chambers says soups are to follow in the new year.

For some years I lived in Paris, where food shops stay open until 7.30 pm. This is ideal for me, as I like my appetite to tell me what to buy for dinner. Shopping at that time in Britain you are limited to the supermarket. My local options – The Market, Sainsbury and Marks and Spencer – all present a problem of portions: they are either too large or too small for one. Sainsbury is probably the best, and M&S have recently introduced stew packs for one person.

Prepared meals do not appeal to me. I am unconvinced by time-saving. Half an hour spent grilling or frying a chop, steaming some greens or boiling some potatoes is not a lot of time even in the busiest of schedules.

Supermarket shopping puts me off by its clinical nature: I like handling food, not peering at it through a plastic box. Ideally, I go to a high street shop during the day. You can tell a butcher or a fishmonger precisely what you want: a supermarket allows you only to choose from their choice.

I have crazes about dishes when I try to perfect a recipe. I once spent three nights in succession cooking skate wings in black butter with three different vinegars: aceto balsamico, sherry and Banyuls. The six-year-old, cask-aged Banyuls was the best.

Cooking requires concentration, which is a welcome distraction if you are unhappy about being alone, but no-one would pretend that eating by yourself is the best of worlds. When there is just you it's best not to buy joints or chickens lest you end up reworking the same theme for days. I get cravings for joints, but end up throwing meat away. Even then it makes a welcome change from chops, steaks or cod fillets with sorrel from the garden.

I must confess that I am rather fond of my own cooking, which means I usually overeat – with the result that at about 10 pm I can be seen pounding the local pavements, working off my lonely feast.

Giles MacDonogh

Ancient Days

The cult of youth

"WHOM the gods love dies young," Menander wrote. The Greek view of old age was unrelievedly bleak. And it is extraordinary how pervasive it was, from Homer in the 8th century BC onwards. In the *Iliad* Achilles is all too aware that he is fated to die young but he will achieve renown; provided he gets the glory, early death does not matter. Three hundred years later Euripides has a chorus sing: "I hate baneful, murderous old age."

The cult of youth in Greek literature comes as a shock for those of us who are middle aged, however familiar are the beautiful boys and gorgeous girls of Greek art.

For many (male) Greeks, the handsome young man was the ideal love object (as generations of English schoolmasters have tried to conceal). We find him naked on vases, naked in marble, naked in sport and naked in men's thoughts. But what happens when his beautiful body deteriorates, and he is toothless, blind and with a pot belly? The worst affliction of all is friendless and feeble old age, as Sophocles said.

There are however a few exceptions to this unsentimental view. The gods were given some age, to highlight their importance as they sat on Mount Olympus and watched mortals making a mess down below. But they were never to die, which was a huge advantage for them in the games of the youth culture.

Mortals became impotent but the gods could carry on to their hearts' desire. In bizarre disguises, they descended on lovely girls in mountain meadows or found them at the fountain house drawing water. They went after boys as well, as when Zeus swooped down as an eagle to snatch Ganymede, the most beautiful boy in the world, to be the cupbearer of the gods. (But more of the stories of divine seduction are heterosexual, the result often a blue blooded baby, a hero or demigod who in no way could have been born to a male.)

Among mortals it is difficult to find the old presented as attractive people. The men on Athenian vases enjoying wine and song in the company of girls and boys are older than their playmates, but it is hard to see them as over 40. But the old man as a garrulous twit is far more usual. Nestor the aged king of Pylos, for example, constantly gives out of date advice at Troy, or remembers his own prowess in earlier days.

It is a relief to turn to real people. Sophocles lived to a very great age, dying at about 90 in 406 BC with the reputation of a thoroughly good man, and a great poet. Shortly before his death he and his chorus did the decent thing and appeared in mourning for Euripides, who had just died and was ten years his junior, at the dramatic festival in Athens.

Euripides had just written his greatest play, the Bacchae, a chilling story of the horrible fate of those who resist the daemonic life force of the god Dionysus.

It is the masterpiece in his canon, reminding one of *The Tempest's* coming so late in Shakespeare's work. Writing in his late 70s, Euripides has two old men, the seer Teiresias and King Cadmos, acknowledging the power of Dionysus, and rushing off to the mountains to dance with the best and youngest of the Thebans in honour of the god.

It is absurd behaviour, and effective theatre. Euripides must have shocked his audience, who might have left the theatre dwelling for a moment on how the old can still be young, before they returned to the standard Classical opinion that all is ghastly after youth.

Gerald Cadogan

DIVERSIONS

Lingering love of learning

Alan Forrest on bits, bytes and nibbles — and other studies

I REMEMBER a chat with a Fleet Street colleague who had opted for early retirement; a bookish man who was well capable of organising his intellectual refreshment. "I've realised there are a lot of books I want to read or re-read in the years left to me," he said. "In fact, I think I ought to have another crack at George Eliot."

People like that will not have any great problems in keeping their minds alive. But a lot of people want something different, the sort of institutionalised education programme which mixes them with other people, not necessarily with any plans for academic prizes, but simply a continuing love affair with the pleasures of learning.

Who are they and what do they want? They are mainly people with time and some amount of money to spare. Some do want a degree — the Open University has recently awarded one to a woman of 92 — but a majority just want to stay intellectually occupied. There are also those who have decided to live abroad in retirement.

Leonard Wensley is 72 and director of studies at the University of the Third Age in Cambridge (U3A). He worked for Courtaulds, Fisons and BP and taught marketing at Ashridge management college. Wensley talks about it as a *social as well as* an educational experiment. "We are fed up with being told by younger people how to plan our retirement," he says. "A lot of pre-retirement courses are run by financial people. They are mental and physical, but not intellectual.

"Our object is to shorten the Fourth Age [dependency]. There is a feeling that we could become locally and nationally a pressure group for the age group, but that is anathema."

The U3A system started in 1982 with 200 members and has grown prodigiously — it now has more than 1,000 members at its Cambridge centre alone. The movement is nationwide, but Cambridge and Huddersfield *have disaffiliated* from the national body after a disagreement about a national charter. Most of the U3As are affiliated to the Third Age Trust, part of a movement founded in France some 15 years ago and rapidly *growing in countries* where, unlike in the UK, there is little experience of adult education.

The U3As can claim to be rather special. Every member is expected to learn and, if the student has teaching skills, to teach as well. The people attracted include more than a smattering of retired professors, schoolmasters, lecturers and researchers.

Lennie Lourie, executive chairman of the U3A in London, says that £20 — as little as £2 if you have income support — *gives access to all 50 study* groups as well as use of book and record libraries and other benefits.

The Open University is also closely involved in Third Age education. Michael Richardson, its Pro-Vice Chancellor for Continuing Education, talks proudly of the number of retired people taking a first degree: "Our oldest graduate has been a woman of 92, but we have study programmes that don't lead to a degree. One of our most popular subjects for the over-60s is archaeology."

The Open University has a leisure series specialising in history, art and music and courses on planning retirement, covering important subjects such as *health*, accommodation and family relationships.

There is such a wide range of schemes for studying in retirement. Some of the best options for mature students who want to keep lively minds are summer schools (Marlborough and Taunton), the excellent facilities at universities provided by the British Universities Accommodation Consortium (based at Nottingham, but covering many UK universities) *and some of the country* houses and summer colleges providing everything from water colour painting to ballroom dancing.

One of U3A's successes has been a course on the English Parish Church, but there is hi-tech, too — Computing for Grandparents is on offer with "bits, bytes and nibbles," and Computers for Women with a tutor from the Women's Resources Centre.

Peter Laslett, in his book on the Third Age, says: "It is not at all certain that the traditional slurs on the elderly as learners are as widely accepted by young people as they are by elderly people themselves. Those who undertake to explain or instruct classes of senior students, self-selected as the students tend to be, are regularly impressed by the strong motivation of them and by the excellence of some.

"Older learners are fre*quently surprised as well as* delighted when they are able to tackle Greek grammar or computer programming, so tenacious are their unflattering beliefs about themselves."

■ **Some useful addresses:**
University of the Third Age in Cambridge: 8a Castle Street, Cambridge CB3 OAQ (Spring term begins January 15); University of the Third Age in London: Langton Close, Wren Street, London WC1X OHD. Local adult education organisations have details of other U3As.

Open University: Telephone for central office at Milton Keynes is 0908-653231 or 0908-652805 — or see local directory for nearest office.

British Universities Accommodation Consortium: University Park, Nottingham NG7 2RD (tel: 0602-422505). English Tourist Board offices and other tourist centres have details of summer schools.

The Genius of the Place

Spiritual sympathy

I HAD not been in Amsterdam for more than an hour before *I* was robbed. The thief was young and appeared drug-crazed: he relieved me not only of most of the cash I had, but also any means of obtaining more money.

Grateful to have suffered no more than the loss of my wallet, I could afford nothing better than the low life of Amsterdam. I winkled out a squalid hostel, which seemed mostly occupied by German motorcyclists: greasy young men who perched around the dormitory beds like herons, puffing at their "weeds."

But a companion materialised here; a real companion, who shared "bread." He was a Glaswegian busker, and he was able to give me the low down on the low life. He favoured the hookah himself; the devotees of acid were a type that he despised. He was worldly, but kind with it, and it was his "bread" in my pocket that allowed me to proceed with the exploration of Amsterdam.

The city's low life has two particular features: the muttered propositions on the street which offer divers pills and powders; and the ladies on display, blatant as chops of meat in a butcher's window. I peered into a dive called The Devil's Playground, but saw nothing more sinister than a few men quaffing lager. For one instant, their faces were quintessentially Dutch: jolly, solid-jowled, red. They wore the same expressions of puckered delight as in Rembrandt's self-portraits; *in fact they looked like* his relatives. In the precincts of The Devil's Playground this was disquieting, for Rembrandt seems a devout man and would not have drawn a necessary correlation between low life and loose morals.

There is a marvellous museum for Van Gogh in Amsterdam, and the Kijksmuseum is celebrated for Vermeer and other Dutch masters. But Rembrandt is the rightful object of pilgrimage to this city, and if you are robbed as a pilgrim, then Rembrandt stands by you in spiritual sympathy. His beggars are not picturesque mannequins of rag bundles, but credibly demeaned. And Rembrandt, after all, spent his latter years *in a state* of declared insolvency. When his creditors drew up an inventory of his possessions in 1656, they must have virtually reduced the painter to a beggar's state, raiding him even of his shirts: only Rembrandt's son and housekeeper ensured that he was not turned on to the streets.

But bankruptcy forced him out of the house that is now enshrined as his. It is a grand building on the Jodenbreestraat (Jewish Broad Street): grown *grander since* Rembrandt lived there, having acquired a second storey and a little Classical pediment, but still a testimony to Rembrandt's passing success. There is a picture that he painted, around 1635, of himself and his wife, *Saskia, at a table: she*, in her fine gowns, looking very much at home on his lap, and he a regular cavalier, toasting the whole world with an enormous bumper of wine.

It all went: Saskia died, after three of their children had died in infancy; Amsterdam patrons were too puzzled and challenged by the direction of the painter's work; and in his self-portraits we see the fading of the cavalier twinkle into sadness — the great well of sadness that is within Rembrandt's elephantine eyes.

Within the house there is little of the finery that it once contained: the prodigious dressing-up boxes, full of fur robes, turbans and ostrich plumes; the antique and Italian sculpture; the *jewellery*, weapons and instruments. Instead, the pared-down evidence of the artist's livelihood: his sketches, his etchings, his printing press.

I own a deep affection for Rembrandt. As a boy, I was taken by an enlightened art *master to* see Alexander Korda's film in which Charles Laughton is perfectly cast as Rembrandt. One scene retains a clear poignancy: when Rembrandt takes an old Jewish beggar into his studio and puts robes and turban upon him; *and as he paints, he tells a sad* tale from the Bible to his sitter. The beggar is moved, and wipes a tear from his eye with a velvet curtain: and there is the picture — *David Harping Before Saul*, with Saul weeping into a curtain.

It is difficult not to feel sentimental about Rembrandt, precisely because there is so much of himself in every work. Contemplating *The Night Watch* in the Kijksmuseum, I wondered why I should be so entranced by this group portrait: why Captain Frans Banning Cocq and his halberdiers, the Dad's Army of 17th century Amsterdam, should hold me in front of them for an hour. I decided that it *was* the care invested in the picture by its painter: not simply the care of a craftsman, but a care for every individual in the group. Nothing by Rembrandt ever capitulates to the impersonal, and nor by that token to the conventional.

As I made my way back to the hostel, I saw a phalanx of blue bonnets and uniforms assembling at the entrance to downtown Amsterdam: the local Salvation Army preparing with tubas and Bibles to blast the pushers, pimps and punt*ers before them.*

I sought out my Glaswegian busker. He had been in Amsterdam for over a year but had not put foot into the Rijksmuseum, nor heard tell the name of Rembrandt. I left him with some postcards — bought with his money — and the story of Rembrandt. He liked the pictures and the story, but regarded me oddly. "You came *to* Amsterdam for this?" Yes, I said. "And lost all your money for it?" Yes... Rembrandt is worth it.

■ *The Rembrandthuis, 4-6 Jodenbreestraat; Mon – Sat, 10am-5pm, Sun 1pm – 5pm.*

Nigel Spivey

Rembrandt: Self-portrait, with terrified expression

Work after work

Philip Barron on life in retirement

WHEN HE retired from his job with the British Steel Corporation, Leslie Sutherland wanted to do *something that would give him* a sense of purpose and a new set of friends. At the same time, the North Yorkshire Moors Historical Railway Trust needed someone to help supervise some ambitious construction projects.

Now, two days a week, Sutherland happily commutes the 30 miles from his home in Guisborough, Cleveland, to the railway's HQ in Grosmont where he puts his management skills to good use.

The match is just one of 3,000 arranged by REACH (Retired Executives Action Clearing-House), a charity which this year celebrates its 10th anniversary. Its task is to bring together retired business men and women who are *in* the right place at the right time to help voluntary bodies which need people who can "run things" but which cannot afford to pay more than expenses.

The agency's founder, Nick Crace, who has himself just retired, started the scheme in two rooms provided by Lloyds Bank in 1979. Charities sent in their "vacancies" and gradually the word got round among executives who wanted work after work.

In those days, Crace used punched cards *to match* the two. Now, inevitably, a computer keeps track of the 500 or so volunteers on the register and the various skills they can offer. The computer finds applicants with the best scores in the skills sought for each part-time job and then REACH's matchmakers do the fine tuning. No fees are charged to charities or applicants; the scheme is funded mainly by the Home Office and company donations.

The service does not find paid jobs and does not expect charities to substitute volunteers for paid employees. The posts it fills are part-time and are often of the kind which would not justify a salary.

Administration and personnel skills are those most frequently offered. Financial experience is the most in demand, so accountants are welcomed with open arms. Leonard Macklin, 67, used to *work for Unilever but now*, through REACH, helps Oxfam in Wales as an internal auditor of their shops.

About a fifth of the volunteers are women. Gabriella Foldes, a chemical engineer who lives in Aberdeen, has found a niche as local organiser for a national scheme *called Opening Windows on* Engineering. She arranges for employers to release young engineers so that they can be trained to talk to schools about their work, stimulating interest in the profession.

Chrys Aitken, of Bideford, had experience of liaising with industry when she was head of careers at the John Bunyan School in Bedford. Now she visits schools on behalf of Young Enterprise, which helps young people to understand industry and commerce through practical involvement in running a business.

Sheila Metcalf, who lives near Bath, used to be systems manager at Harrods. The agency steered her to the *Wiltshire Gardens Trust*, a conservation society in need of an administrator.

At any given time, there are about twice as many vacancies as there are volunteers on the register. Recently the gap has *widened, partly because of the* greater availability of paid part-time work for retired professional people.

Jill Munday, REACH's director, is confident that the people *needed to fill the jobs* are available: the problem is reaching them when they are receptive to the idea of continuing to work. Pre-retirement courses might seem the ideal moment to sell the idea. Not so, says *Munday: "At that stage, execu*tives are thinking about their retirement income, where they will live and the freedom ahead."

Only later comes the nagging thought that their hard-won skills and experience are going to waste and, worse, that they are no longer "useful" to the community. Munday says: "Six months into retirement they've done the decorating, been on the world tour and realise that freedom to play golf every day isn't enough. That is where we come in."

By then the retired manager can be hard to locate, but the agency is developing links with company pension departments which can get the message to departed executives. Many find *the leap from a routine to total* freedom hard to handle and itch to get out of the house. As one matchmaker said: "The sound of the vacuum cleaner gets them thinking on the right lines."

An important aspect of the work is to ensure that charities use volunteers properly. They are taught to define a job accurately and to be honest about its limitations. "We want to be sure that the job will use at least some of the volunteer's special skills," Munday says.

Volunteers are warned to be flexible and not to over-commit themselves. "Decide how much you are prepared to do and stick to it," say the guidelines. "Your organisation must be able to rely on you, and it is not so easy to be conscientious when you are not getting paid."

Although most placements are by their nature local and *low profile, there are excep*tions. Bill Hawthorne, another Unilever man, accepted a post with the Centre for International Peacebuilding. Within a year, he had attended a conference in Moscow and spent an afternoon with a group in the company of Mikhail Gorbachev in the Kremlin.

About half of REACH applicants are matched and of these placements half continue for two years later (this does not mean a 50 per cent failure rate since many jobs are short-term). Causes of failure to place are mainly location, career specialisation, personal factors and *"selective attitudes."*

*Munday feels that the organ*isation's main purpose is to enrich retirement years that could otherwise be wasted in aimless pottering. There is, she says, substantial evidence to suggest that voluntary work contributes to fulfilment, *well-being and longevity.*

Founder Crace has seen REACH grow from a one-man, home-based operation to an agency covering the whole of the UK, with 14 workers placing 500 retired executives annually. Of his own retirement, he says that after a breather he may apply to REACH... "If they'll have me."

■ *REACH, 89 Southwark Street, London SE1 0HD. Tel: 01-928 0452.*

Leslie Sutherland: on the right track with a moorland railway

The Business Network

J.M.Cashford on the sharing of confusion

IN 1982, two business colleagues — of the age (but not, of course, the figure) of Shakespeare's "fair round belly, with good capon lin'd," — met to talk about what was missing in business. They found they were both living a Jekyll and Hyde existence, and had been trying to reconcile two different kinds of values which had become mutually exclusive.

Business was Hyde, and Hyde was only a whistle away. Jekyll, on the other hand, was *involved in humanistic psycho*logy and the whole growth movement of the 1970s, but had no-one to talk to about it (and was beginning to ask himself what it really meant to him).

So Edward Posey and Francis Kinsman — both consultants, Posey in the aviation business and Kinsman a financial journalist — decided to see if there were any others who felt the same way.

They each asked 10 people to a meeting. "Come and share our confusion," was the irresistible invitation, and these 20 people formed the nucleus of what was to become The Business Network.

The idea was to create a group of people who could explore together the reconcilia*tion of business and spiritual* values without having either to defend their service to Mammon or to risk a question mark on their Personal Record.

They agreed to meet one evening a month at the same place and to invite a speaker who would generate a discussion, after which all would retire to dinner when the mutual exchange of views and information could continue at leisure.

That was seven years ago, and the monthly meetings have never faltered. They were not advertised, but friends brought friends and made new ones, and the word went round. It began as a small club with about 19 participants, now has about 400 members — with some dropping out and others joining — and so has necessarily developed into something which is more formal and organised.

In the early days, it was more a case of introducing more spiritually-oriented people to the world of business rather than extending the ideas of business people to include wider concerns. It was only slowly that people primarily involved in business began *to come (on one occasion*, two members of the same multinational organisation were astonished to meet).

One of the cornerstones of the network is a register of members. This gives such details as each member's occupation, interests and reasons for joining, and keeps everyone in touch both professionally and at an unusually personal level. A newsletter is published three or four times a year.

Some special-interest groups have arisen spontaneously. These look into such subjects as social responsibility in business, business samaritans, new approaches to money, and volunteer organisations for retired business people, especially those who choose to take early retirement so they might use skills gained in business in a new way. These groups report back at intervals, and some initiatives have led to new businesses being formed.

In the words of its own brochure: "The Business Network links people interested in *transforming business*, so that it embodies a vision of the wholeness of life for the planet and for the human spirit. It aims to foster a new holistic approach to business which reflects the interdependence of the individual, business, the community and the environment. The Business Network informs, supports and encourages those who seek to harmonise these aspects in their personal lives and in their business lives."

Over the years, the theme of the meetings has become increasingly international and environmental as contemporary understanding of moral values has expanded to include the Earth as a whole. Speakers have included: Manfred Max Neef, the Chilean economist and winner of a Right Livelihood Award; Rupert Sheldrake, biologist; Willis Harman, founding member of the New World Business Academy; Jonathon Porritt, of Friends of the Earth; and Jose Lutzenberger, the agronomist who was once a fertiliser consultant in the chemical industry and now works in Brazil trying to prevent the destruction of the rain forests.

Topics have included the implications for business of the new discoveries in physics and biology, the future of work, the role of intuition in business, the creative manager, social investment and, not least, that tantalising synthesis, the profitability of holistic business.

■ *The Business Network, 18 Well Walk, London NW3 1LD. Tel: 01-435-5000.*

PLANET EARTH

Rolling back the years and still looking good: from left, Sean Connery, Vanessa Redgrave, Gregory Peck, French actress Catherine Deneuve, designer Hardy Amies, Jackie Onassis

Don't let the wrinkles rankle

Age shall not wither you — if you keep a sense of inner contentment, says Lucia van der Post

NOBODY IS wooing the citizens of the Third Age more ardently than those who run the cosmetic companies. For them it promises to be a bonanza on a par with the great Californian Gold Rush, for of all the requirements for a tranquil and contented middle-age reasonable looks and health are probably the most pressing.

For several years the race has been on among the beauty houses to find groups of products that can really tackle the problem of ageing skin. There are those (a dwindling band) who think that this is all unduly frivolous and that we should start worrying about *real* things — like the depletion of the ozone layer. But the rest of us, who can encompass worry about our skins AS WELL as the ozone layer, have an impressive supporter in the guru of dermatology, Dr Albert Kligman, of the University of Pennsylvania School of Medicine, who once told me that in his view worrying about ageing skin was perfectly legitimate. "The wrinkle," he said, "is a goddam serious disease — it causes more anguish than heart disease." And what's more it afflicts men as well as women.

Research into products to stave off damage to the skin has been going on for years, and ever since La Prairie brought out the first of the cellular renewal creams some 13 years ago beauty counters have been groaning under the weight of products claiming to help keep wrinkles at bay.

At the moment some of the most intensive research is going on in Japan, which has one of the largest ageing populations in the world. In 1985 some 10.3 per cent of Japanese were over the age of 65 and by 1995 this figure will probably be up to 14 per cent, which according to UN definitions turns it from an "ageing society" into an "ageing nation." Japan has, therefore, become the hot, living laboratory, watched with fascination by the rest of the world.

Shiseido, Japan's leading cosmetic company, is currently devoting a vast proportion of its research resources to the problems of ageing. It seems that Japanese women look on the inevitability of the process with great pessimism and even less tranquillity than we muster in the West. In Britain women in their 20s are the high-spenders at cosmetic counters with expenditure tailing off as they get older, until once they are over 50 it falls to half of what they spent in their youth. In Japan the reverse is true — expenditure on skin care and cosmetics goes up steadily with age so that in middle-age phenomenal sums of money change hands at the beauty counter.

Shiseido, however, is approaching the matter on many fronts. It doesn't feel that the total answer is ever likely to reside in a pot of cream. Ageing, if we are lucky, happens to us all — it's how we deal with it that matters. Dr Ozawa, head of research & development, believes ardently that no-one should strive neurotically to keep ageing at bay. Ageing gracefully, accepting it, greeting it as one of life's many phases, is vital to his philosophy and that of the company. Helping middle-aged men and women to look like teenagers is NOT the aim.

This need not, however, mean that we shouldn't try to look and feel as good as we can. To this end the company has moved from dealing primarily with products to looking at complete life-styles. Shiseido calls all this "research into Wellness," and the Wellness concept is filtering into many aspects of the company.

It has led to Wellness clubs, a sort of combination of health and fitness clubs but offering the full gamut of Eastern and Western therapies, from massage and Shiatsu to whirlpool baths, facials and aerobics. The company reckons that it is streets ahead of the rest of the world in stress management, and all the Wellness clubs are trained to deal with it.

Almost all the main beauty counters in Japan offer what they call Wellbeing advice — which takes in things such as nutrition, stress, and exercise as well as which pot of cream to put on the face at night. Shiseido believes that the way to happy and graceful old age is to lead as whole and sensible and stress-free a life as possible, taking excellent care of the skin, cultivating inner tranquillity and exercising body as well as mind.

This doesn't, of course, put it off developing products as well. In the pipeline is one to deal with freckles and ageing spots, but top of the pops so far is "Bio performance," an age-revitalising cream developed primarily for Western markets, which was awarded the Marie Claire (France) "Prix d'Excellence" for best new skin-care product in 1989. At £36 a pot you are meant to use it twice a day.

Once upon a time it wasn't . . . well, *manly* for a chap to worry about his age. These days, however, beauty companies report that chaps not only worry almost as much as women but also that men age differently, usually much more suddenly and therefore (for them) more worryingly. At Aramis, a leading company in the field of masculine grooming (as the subject is euphemistically referred to in these circles), they tell me that more and more of their customers are 30- and 40-year-olds who have been taking care of their skin but are now just beginning to notice signs of ageing.

'Those women whose company she now seems to prize. . .those. . .those. . .The phrase pops into his head that very instant; social X-rays. . .they keep themselves so thin, they look like X-ray pictures. . .you can see lamplight through their bones. . .while they're chatting about interiors and landscape gardening. . .and encasing their scrawny shanks in metallic Lycra tubular tights for their Sports Training classes. . .and it hasn't helped any, has it!. . .See how drawn her face and neck look' The Bonfire of the Vanities by Tom Wolfe

One of the company's most successful products is a hair-thinning supplement (£50 for three months' supply) called Nutriplexx, which is a nutrient-based product that encourages the hair the user already has to stay on the head longer. No hormones are involved and it can be used without the supervision of a doctor.

Another recent Aramis product which has proved phenomenally successful with men is the Anti-Ageing Supplement, an oil-free serum for the skin which is designed to counter the damage caused by stress, ageing and the environment. Understanding how it works does mean grappling with a whole new vocabulary — free-radicals, we have to learn, are the baddies: they cause the damage which comes from the sun, stress, poor air, poor circulation and lack of proper nutrition. The success of the Anti-Ageing supplement seems based on its special cocktail of four free-radical "scavengers," which attacks the bad, bad free-radicals.

In the spring Aramis promise more comfort in the shape of Eyelift Undereye Relief. Whereas men seem to mind much less about wrinkles then women they *do* seem to mind about dark circles and bags. Eyelift Undereye Relief is a gel formed from botanical extracts which is designed to increase microcirculation in the area without causing irritation or inflammation (the chief hazards of eye products). It comes in a handy travel tube.

The daily shave, it seems, is another baddie. Each day a razor blade strips off three full layers of skin, which in turns triggers the immune system and the free-radical production which causes ageing. That's why many men will look almost ageless until about 35 to 37, when all of a sudden the skin in the jowl area will drop. Panic not, help is at hand — the Tri-Gel Shave Formula will reduce the trauma to the skin and thus the process of ageing.

Inextricably tied up with looking good is feeling good, and here I believe that Shiseido has the right approach. Keeping healthy is not, clearly, entirely within one's own control — bad luck, poor genes, rotten environment all play a role. However, as more of us live longer and longer more and more help is at hand. From fitness clubs to Royal jelly, anything that helps people feel well for longer seems to me worth a try.

An hour's exercise a day is probably a better beauty treatment than any cream. The human body is not designed for inactivity and it seems clear that those who exercise regularly suffer less depression, feel more optimistic and look better than those who don't. The best advice I can offer on this front is to try and find some form of regular exercise that you really enjoy — the chances of keeping up cycling in lonely seclusion in the garage are poor, whereas tennis, swimming, dancing, squash or anything else that involves friends and fun is much more likely to endure.

My final thought on the matter is that the thing to aim for above all is a sense of proportion. While I believe ardently that it is worth taking care and trouble to look and feel good, this sense of proportion is essential. There is hardly a more pathetic sight than a woman who is unable to accept her age, who has lost all sense of herself, who believes that beauty resides solely in youthfulness, who tries desperately to be something which she is not. It isn't honest, it isn't brave, it isn't interesting. In my experience the most attractive people are those who are at ease with who and what they are. The French have a phrase for it: *bien dans sa peau.*

I am comforted by a (true) story of my husband returning from a dinner to which I had been unable to go. There he had met the most beautiful, desirable and fascinating of women. He waxed on about her charms at length — and it wasn't until a few days later that I learnt that she was in her late 70s. Her age had been the least important thing about her.

Basil, meet George . . .

***Lucia van der Post** on those who make it — and those who don't*

WAY BACK in the late '50s Basil was a high-flyer. Up at Magdalen he was the glamorous one, the sophisticated one, all waistcoats and epigrams, so nobody was the least surprised when he got a First and became President of the Union and then went on to land one of those sought-after jobs in the BBC, where he steadily climbed the corporate ladder, although inexplicably never quite making the top slots.

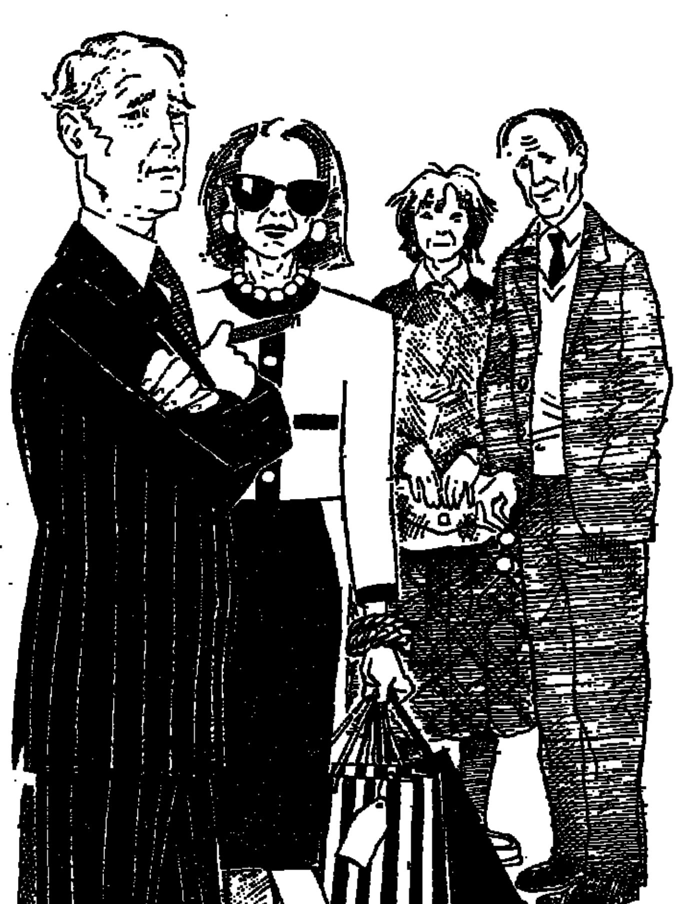
George, way back then, was — not to put too fine a point on it — a little lucky to make it to Magdalen, but after all it had been his father's college and HIS father's before that, so it would have been a bad show if they'd turned him down.

He didn't make much of a mark when up but he was generally considered to be a jolly good sort. He rowed for the college and left mightily relieved to have made a 2-2. His career did look to be something of a problem for a while, but in the nick of time somebody his father knew in the City suggested that he might find him something in his stockbroking firm.

For a while Basil and George kept up what was really little more than a vague acquaintanceship. Basil gave rather dashing parties in his flat in Hampstead — lots of red wine and lasagne, racy talk, pretty women and the sort of faces that hogged the airwaves and the screens. George's parties, it had to be said (even by George) were, by contrast, rather dull. And so, somehow, as they acquired the things that people usually did — the wife, the children, the family house in London (Hampstead for Basil, Chelsea for George), the small cottage in the country (Wales for Basil, Kent for George) — so they drifted apart.

Last year, at a summer party given by one of the chaps who was up at the same time, they ran into each other again. Basil was, quite frankly, amazed. There was old George, rather a duffer he'd always thought him, yet now he seemed so . . . well . . . so well set up. Not that George was boastful — goodness me no, much too well bred for that — but one couldn't help noticing things.

To begin with, there was his car. Whereas he, Basil, had driven over in his rather battered Volvo (60,000 miles on the clock), old George had turned up in a smooth-looking Jaguar. His wife was looking dashing — he couldn't put his finger on it, but she had about her that indefinable air of gloss, as if she shopped every day at the sort of places he went to for Sophie's Christmas or birthday treats. Sophie, bless her, managed awfully well — her style was what you could call "natural," and she bought her cosmetics at The Body Shop and her clothes from Laura Ashley.



Of course, here they all were, in their mid-50s, and they didn't have any serious money worries. The schoolbills (Whew!) were all paid, the mortgage infinitesimal, and thank God they'd bought that little place in the country when such things could be had for a song. But Sophie had never really gone back to work since the children came (somehow wives didn't then), and though since the children had flown the nest she had started a rather arty little gallery in an unfashionable part of North London it was more of a hobby than anything else. He, Basil, bought his suits off-the-peg (Marks & Spencer mostly, with an occasional extravagant sortie to Austin Reed or Simpson), whereas he'd lay a fiver-to-one that George these days bought his shirts in Jermyn Street and his suits in Savile Row.

Of course, they were lucky with the cottage in Wales, where they went for most holidays except for what had become an annual date with friends who had a house in south-west France. Still, he didn't quite know how he was going to afford a new roof on the London house, he had an nasty feeling there was some dry-rot lurking in the basement, and the whole place had a slightly tired air. Luckily, Sophie had always been nifty with a sewing machine and could always run up a new pair of curtains. It was also strange how every time his pension statements came round he found himself doing rather anxious little sums.

They'd never been able to afford any fine furniture either, though when Sophie's mother died they had inherited a few quite nice pieces, as well as one or two quite pretty rugs. It wasn't that they were hard-up — it was more that, what with two houses and two cars to run and the endless bills that kept coming in, there never seemed to be much left over. Whereas George . . . now George, it seemed, always had *plenty* left over.

George had driven across from what by all accounts was a notable manor house in Gloucestershire, long since exchanged for the three-bedroomed cottage in Kent. The London pad these days was a two-bedroomed flat in Chelsea, but August was spent in the villa in Tuscany and there was much talk of popping over to the flat in Megève for long weekends skiing in the winter season. And there seemed to be lots of little treats popping to places inbetween times — shooting in Scotland, music in Salzburg, partying in Geneva, that sort of thing.

George, it seemed, had stuck to his stockbroking. He might not have set the world on fire but he was clearly what could be called "a safe pair of hands." Gradually he had climbed through the firm until he became a partner and, though the '70s had brought him prosperity, it was Big Bang that made him rich, when he and his partners sold out to one of the international banks looking to become complete houses. Though much too nice to gloat, George definitely had about him the air of somebody who had landed firmly in the butter.

He couldn't help overhearing the wives chattering and for Sarah and George, it seems, life stretched gloriously ahead, filled with the prospect of lots of little projects. Last year it was a Smallbone kitchen, the year before that several Czech & Speake bathrooms (two en-suite), but this year's project was quite definitely an "Edwardian" conservatory. It would blend in perfectly with the stone and it would quite transform their breakfasts. Sarah was clearly also a little worried about all that rag-rolling, those swags and festoons that once had seemed so right . . . now they looked just a little jaded, and she was wondering which of the fashionable decorators could give the manor house a minor face-lift with which to greet the '90s.

Holidays for George and Sarah loom large. Tuscany is beginning to seem a little tame. There was the Kenyan safari last year and the trip to Australia the year before, but now they are planning something really big — a month dawdling round the South Seas in a schooner seems to have just the right ring about it.

Sarah, it seems, shops a lot and is addicted to designer names. From Chanel she goes to Valentino, from Valentino to St. Laurent. For lunching at the Caprice she'd choose Armani or something from South Molton Street, whereas for balls, Ascot or a celebratory lunch at the Ritz Caroline Charles is simply perfect.

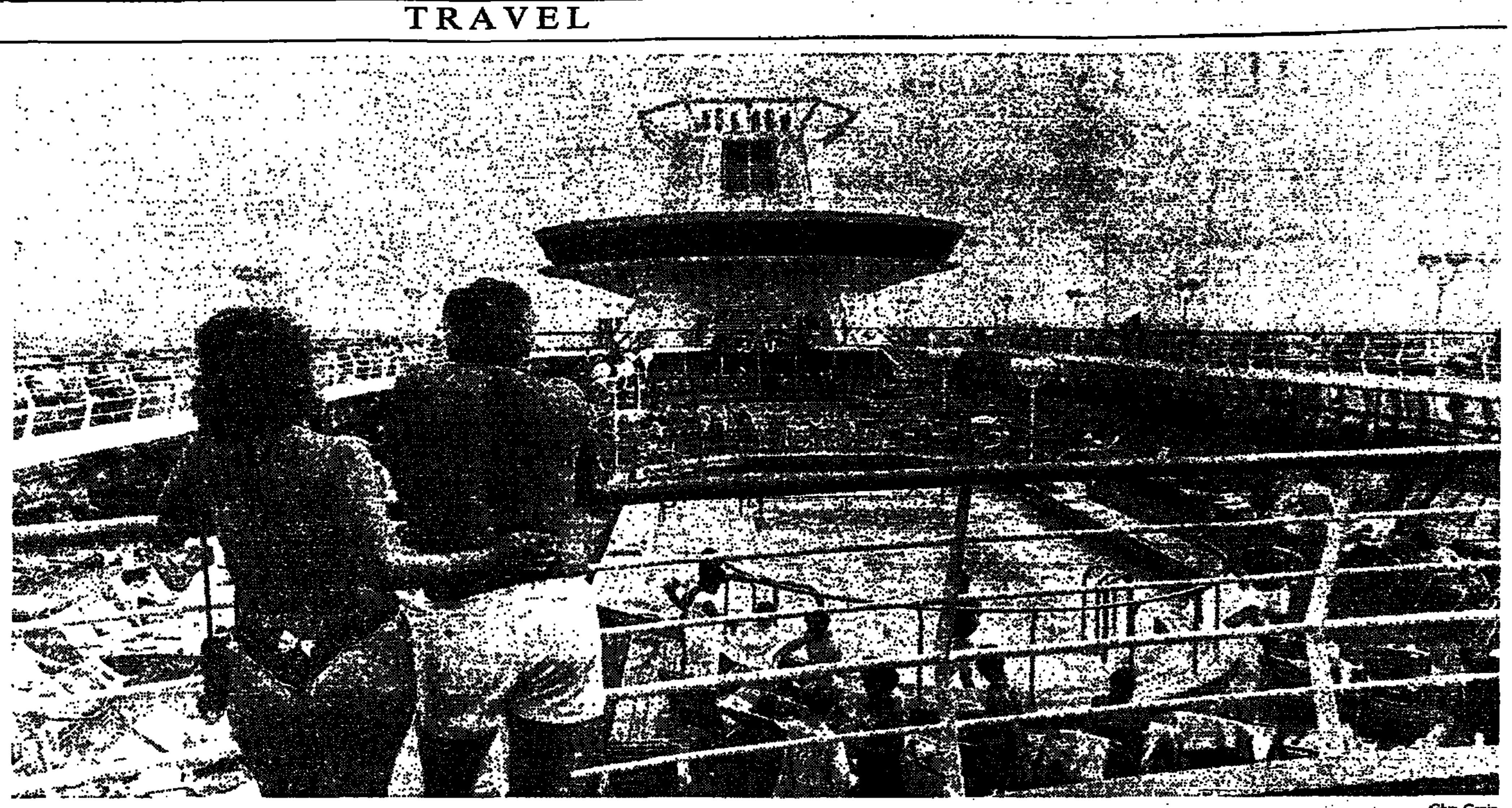
Then, of course, there's shopping for the house. George has got awfully fond of Victorian water-colours and if ever she wants to please him she drops in at Sotheby's to see what they've got coming up. George and Sarah discovered Sotheby's in a big way when they first started to realise that they were . . . well, rich. Gradually the early married buys — the Sanderson prints, the Jonelle carpeting, the furniture from Peter Jones — were eased out; the walnut tallboys, the marble Renaissance table, the gilded mirrors edged in.

When she isn't shopping she is planning treats. There's Ascot and who to invite to the box that George always takes. There are shooting weekends to plan and fierce games of tennis on the En-Tout-Cas all-weather surface to set in train. There's Glyndebourne and posh picnics to arrange. Then there is their 30th wedding anniversary coming up, with marquees and caterers much on their mind. Oh, but isn't life hectic . . . such a whirl, so much to do.

"Bye, Basil, bye-bye Sophie," they cry, as Basil and Sophie head for the battered Volvo. "You must come and stay with us in Tuscany some time . . ."

There IS life after cruising

***James Bredin** on the growing market for over-50s travellers*



The view aft aboard Norwegian Caribbean Line's Sovereign of the Seas. But cruising represents only one option for the increasingly adventurous over-50s

Glyn Genin

THERE WAS A time, not so long ago, when only the rich could say that they had been to places such as Samarkand or Cuzco, Aswan, Islamabad or Manaus. On a recent holiday in Andalucia I met people who have been to all of them.

I also met two delightful women of a certain age who have enjoyed holidays in every European country except two (Poland and Finland). "We've also spent an hour in Asia and an hour in Africa," one of them told me. "And we weren't greatly taken with either – were we, dear?"

We were all on a holiday organised by Saga Holidays, the firm that specialises in holidays for the over-60s. With Saga, nobody is old. You can be retired, experienced, mature, even worldly- wise, but not old.

To save you the bother of filling in another form your insurance is included in the advertised cost of holidays abroad and you may telephone the company's offices in Folkestone, Kent, free of charge from anywhere in Britain to book a holiday or check whether you will need a visa or an inoculation.

Free telephone calls are typical of the way that Saga does business. A few years ago it decided to do without scattered agents and to concentrate all booking arrangements at its Folkestone headquarters. This meant that the company could appoint its own sales staff, train them and make sure they operated to Saga's standards.

It was Sidney De Haan who in 1950 first started offering holidays for retired people, aiming to fill the 36 rooms of his Folkestone hotel in the off-peak season. His son Roger is now chairman and chief executive of Saga and the company offers off-peak holidays in Spain and Jordan, Kenya and Russia, the Andes and the Himalayas, the US and China.

The over-60s are now a much sought after part of the travel market, partly because their horizons are widening and their disposable incomes growing. Usually they have paid off their mortgages and their children are self-supporting. They are ready to enjoy themselves and have money to spend on travel. They have time to make comparisons and they know that what they get is what they pay for.

More than 3m people in Britain aged over 60 are on Saga's mailing list. 650,000 copies of the Saga Magazines are distributed monthly; earlier this year it began to sell at W.H. Smith's. In a recent issue of the magazine I counted 15 different coupons for various Saga services or brochures.

The list is the envy of many other organisations, and not only of those in the travel trade. Many would like to be able to use it but De Haan knows exactly how valuable a database it is. He can offer advantageous rates for health, house, life and car insurance because it can be proved that the over-60s are more honest than the young and make fewer false claims.

Saga's own use of the list as a database has led to a major diversification. People on the list have been asking for advice on house buying. De Haan has now set up a new property division, has appointed Roger Arkell, an ex-director of Guardian Housing Association, as its managing director, and plans to invest £10m in property development in the next two years. Negotiations for sites on which to build retirement homes are well advanced in Newcastle, Birmingham and Maidstone.

Another indication of how the future is likely to develop is the setting up of Renaissance Tours, a separate division within the group. Renaissance is moving into a market segment occupied by such as Swan Hellenic and Serenissima. For the first time, tours will not be restricted to the over-60s but will be available to anyone over 18.

An advisory board includes Sir Hugh Casson, Lord St. John of Fawsley and Magnus Magnusson. Each tour will be accompanied by one of 42 appropriately qualified guest lecturers.

Subjects and locations range from Hardy's Wessex to the Maya and Aztec of Mexico, from painting in Kashmir to wildlife in Kenya, from ballet in Leningrad to national parks in the US.

Saga has always been a family-run business, and more than 50 per cent of the shares are still owned by the family. When they need to, however, the De Haans don't hesitate to recruit from outside. It has been policy for some time to bring in a regular number of graduate management trainees. It says a lot for the family that two trainees have worked their way through to seats on the main board.

■ *Michael Thompson-Noel writes:* The significance of changing demographics and market influences are things that all major travel companies are alert to. For example, Dendy Barker, marketing manager of Silk Cut Travel, says that over the past 12 months older travellers have become even more important to travel operators than formerly.

"Our main market is 25- to 34-year-olds, our second biggest segment the over-45s. In the past year, middle-aged people with children and mortgages have been hit by higher interest rates, but many older people have actually benefited from the rise in rates. The over-45s go anywhere and do anything. They are most intrepid, and are possibly the most interesting group of people to deal with."

In its 1990 Travellers World brochure, Saga has introduced a range of long-distance tours, treks, safaris and other get-up-and-go holidays for its increasingly adventurous clients. "A reasonable level of fitness is required," says Saga. "They are best suited to people with an active rather than sedentary lifestyle."

Saga's 14-night Amazon cruise (prices from £3,249), for example, flies clients to Manaus where they will join the shallow-draft *Society Explorer* for a cruise into the Amazon headwaters. A second adventure holiday offers a 14-night trek with sherpas in Nepal, staying in hotels, game lodges and under canvas. Prices from £1,549.

Saga holidays are not available through travel agents. They have to be booked direct from Saga Holidays, Freepost, Folkestone, Kent CT20 1BR; tel (free) 08000-414-383.

Actively lazy days

Angela Wigglesworth strolls around Switzerland

KANDERSTEG, in Switzerland's Bernese Oberland, is the kind of place where the vicar stops the church clock from chiming during the night so that tourists can have a good sleep; where a farmer gives you a drink of milk straight and warm from one of his cows if you feel inclined to try it; and where an old lady in a souvenir shop will yodel for you if you ask her to.

It is a village of some 950 people that straggles 5 kms along its main street, with small shops and green-shuttered hotels dotted between buttercup meadows. There is a fast-flowing stream, a tiny church and a railway station with connections to a surprising number of European towns. There is also Casi Platzer who, with his wife Huguette, runs the Victoria Hotel and who likes walking so much that he is happy to accompany guests to his favourite places if they want a guide and he has free time.

We were on a four-day break for the "lazily active." "Not an activity holiday in the thrusting sense," says Richard Hearn, who runs InnTravel from the small Yorkshire village of Helmsley, "but gentle activity that emerges naturally out of the environment." In other words you can do as little or as much as you want and the cost of specific activities can be included in the price of the holiday.

Kandersteg is an hour's drive from Bern and Casi Platzer, who speaks English fluently and who, with unusual Swiss informality, likes to be called by his first name, meets his guests at the airport. It was May, with snow still on the mountain peaks, grass green in the valleys and bell-tinkling cows munching in fields thick with flowers.

On our first afternoon we strolled up the village street and found Mr Rosti, one of Kandersteg's six farmers. In his small, warm, beamed shed we watched him milk his cows, his milking stool with pointed stake tied firmly round his sturdy figure. His prize cow, he told us, produces a record 22 litres a day. Then he produced glasses and poured us some of the still warm, creamy milk for the braver among us to try. It was delicious.

Then it was on to Hans Harl's cool cellar for a cheese tasting. His mountain cheeses, a speciality of the region, are stored on wooden racks. They are made high in the mountains by farmers who live up there close to their cows during the summer months and it takes 100 litres of milk to make 10 kg of cheese. Hans, who had learnt his English working as an instructor on dry ski slopes in Welwyn Garden City, Hertfordshire, cut us paper-thin slices that had the delicate flavour of mountain herbs. The cheeses will keep for three or four years, or even longer. Sometimes one is put by when a child is born and given to it on its 20th birthday.

"Switzerland is a strange little country," said Elsie McMahill, a lively Swiss woman married to an Irishman and our guide at Ballenberg's Open Air Museum of Rural Dwellings. "Within only a few miles you think you're in a different land because language and houses are different." At the museum you can see this variety in 50 farmhouses, some 400 years old, brought from 17 cantons.

Threatened with demolition, they have been dismantled and reconstructed in this large park. You can wander round tiny bedrooms with cupboard beds (people slept propped up by pillows). In one building smoking sausages hang from the high rafters, while small, neat vegetable gardens grow the correct plants for the period. A lace-maker and charcoal burner demonstrate their work and there are woods with violets and wild strawberries to wander through, picnic areas with free wood for barbecues and fountain drinking water direct from mountain streams.

On the way back we stopped at the Reichenbach Falls to take the steep Victorian funicular up to the waterfall made immortal by Sherlock Holmes' life and death struggle with arch-villain Moriarty on the little bridge at the top. Conan Doyle must have been delighted to have found such a superb setting for the event, and the whole thing is commemorated by a plaque at the bottom that reads in English: "Across this dreadful cauldron occurred the culminating event in the career of Sherlock Holmes, the world's greatest detective, when on May 4 1891 he vanquished Professor Moriarty, the Napoleon of crime." The plaque was erected by the Norwegian Explorers of Minnesota and the Sherlock Holmes Society of London, an unlikely combination. Holmes addicts in Victorian clothes make a pilgrimage there every few years.

It can take three or four hours to drive by road from Kandersteg to Lotschental in the beautiful Gastern valley, but it can be also be reached in 14 minutes by travelling through a 79-year-old tunnel with your car on the train. Here in the villages, wooden houses and cow sheds perch on the steep slopes and gruesome carnival masks are sold in the shops and decorate the walls.

We left the car at Fafler, at the end of the valley, and walked along the bank of a milky-grey stream. Sheets of white crocuses that could be mistaken for the snow itself covered the grass; marmottes whistled in the clear air. Across a small lake, the snow lay rippled on the mountainside like sand left by an outgoing tide.

The great thing about walking in Switzerland is that there always seems to be some red check-curtained restaurant to stop at for a hot chocolate or beer. That Sunday morning in the Gastern valley there was the sound of music, too, as a blue-uniformed brass band came marching through the village.

We were rowed around the Blue Lake by a smiling "gondolier," swung in a chairlift up to the mountain lake at Oehscheinsee, and on our last night took a cable car 1,730 rocky metres up to Allmenalp for a fondue supper party at farmer Werner Reichen's small restaurant. He showed us how he made his mountain cheese in a great copper cauldron and then, in the candle-lit, stone-floored room, he played his long Alpenhorn on the terrace in the still grey evening light with nothing but the mountains around us. Later, over plate-size meringues and apple schnapps, he got out his accordian and the little room was full of the music of old songs.

■ *InnTravel offers two holidays at Kandersteg. Under the Winter-Inn flag there is a Swiss Life and Crafts Weekend. Price of £249 covers flight from Gatwick to Berne, transfer to hotel, three nights half board, wine and cheese tasting, farm visit, cable lift, cookery and wood painting demonstrations, Open Air Museum and fondue.*

An Inn-Active holiday costs from £197 per person for four or more people (low season) to £246 for two or three (high season). Price covers four nights, dinner and breakfast, local walking map, air travel option, and a half-day guided walk with Herr Platzer. Both holidays are at the four-star Victoria Hotel which has a swimming pool, tennis courts, two restaurants and its own stretch of river for free trout fishing. More details from InnTravel, The Old Station, Helmsley YO6 5BZ, tel: 0439-71111.

Maturity can breed success

Anthony Curtis on elderly writers – and a fable of old age

THE GREEN CHILD
by Herbert Read
Robin Clark (29 Goodge Street, London, WIP 1FD) paperback £4.95, 194 pages

Herbert Read, Jonathan Swift and Dylan Thomas, authors who have penned memorable portraits of old age

LITERATURE is one of those rare professions where there is no need for any regular practitioner ever to retire, save through severe mental or physical disability. The real professionals, like Somerset Maugham, P.G. Wodehouse and Graham Greene, continue writing well into their 80s, long after there is any financial necessity for further work. Some writers do retire, it is true: Simenon did, for example, but after a body of published novels far in excess of any of his contemporaries.

An interesting case is that of Shakespeare, who eventually retired from writing plays in London in order to return home to his grand Stratford house, New Place, as a landowner. How did he spend his Third Age? Did he ever pop up to London to look in on his former theatrical cronies? Yes, apparently he did; but mainly he was involved in local affairs and litigation, such as an attempt to prevent some of the land in Stratford being enclosed.

What would Shakespeare have thought of those people who do not publish their first novel until they are turned 60? The most famous historical case of that is William de Morgan, the potter and stained glass craftsman and disciple of William Morris, who in 1906, at the age of 67, published his first novel, *Joseph Vance*, and continued publishing fiction into his 80s. A novel called *The Old Man's Youth*, which he left unfinished, was completed and published in 1921 by his widow.

When famous poets survive into old age they become institutions: see Jean Cocteau of the *Académie Française*, Sir Stephen Spender eulogising Browning in Westminster Abbey the other day; and Senator W.B. Yeats, "a 60-year-old smiling public man," the guise in which he presented himself in *"Among Schoolchildren."* But, as Yeats pointed out, behind the public facade, the private heart continues to beat with a passion and ferocity that can present the elderly poet with real problems. Happily, Yeats himself wrested magnificent poetry out of them:

"What shall I do with this absurdity –
O, heart, O troubled heart – this caricature
Decrepit age that has been tied to me
As to a dog's tail?"

"Had they deceived us or deceived themselves, the quiet-voiced elders?" asked T.S. Eliot. He went on to make it clear what it was they were supposed to have deceived us about, that old age is a time of tranquillity and serenity.

Well, we know that it can become a time of great physical discomfort; and if we don't and we live that long "we shall find out" – as Larkin put it in *"The Old Fools."* Larkin's horror of physical deterioration was in contrast to the rebellious attitude to ageing of Dylan Thomas, who spoke approvingly of "savagely young King Lear," mourned the death in the Blitz of a man aged 100, and advised his elderly father to "Rage, rage against the dying of the light."

It was an earlier Irish poet and satirist, Swift, who faced the problem of an old age which has been prolonged indefinitely, a condition that is rapidly becoming a real possibility. The section describing the Struldbrugs or Immortals is one of the briefest in the whole of *Gulliver's Travels* and one of the most grimly memorable. On hearing of this peculiar species of humans who have been granted infinite longevity, Gulliver looks forward to encountering "these reverend sages... these superior beings" and proposes to apply their wisdom to "prevent that continual degeneracy of human nature so justly complained of in all ages."

In the event, the Struldbrugs prove to be "not only opinionative, peevish, covetous, morose, vain, talkative, but incapable of friendship and dead to all natural affection, which never descended below their grandchildren." He concludes: "They were the most mortifying sight I ever beheld, and the women more horrible than the men."

A much more benign view of old age is to be found in *The Green Child*, the only novel published by the poet, art critic and thinker Sir Herbert Read. It is a Swiftian fable about human society and its organisation published in 1935, which it is good to see back in print again.

Read's hero is a Yorkshire schoolmaster who returns to his native village after 30 years in Latin America. Back home, he meets a girl whose flesh has a mysterious greenish hue, one of the renowned Green Children, whom he remembers appearing in the village during his youth.

Oliver, or Olivero as he has come to be known, tells her his life story; how he worked his passage to Cadiz and was arrested and imprisoned for possessing a volume by Voltaire; how he was mistakenly set free by revolutionaries who made him the main participant in a coup to seize power in a small, agricultural country known as Roncador, first discovered by the Jesuits; how eventually Olivero becomes the benevolent dictator of that country, and runs it on principles derived from the philosophers of the French enlightenment. After many years of successful rule in Roncador, Olivero, in order to be able to return home peacefully to England, arranges for what everyone takes to be his assassination.

All this is described in a limpidly clear prose of which Swift himself would not have been ashamed. Much of the programme implemented by Olivero after the coup has a curiously contemporary ring: "The province of Roncador is free and independent; its government is elective; its laws shall be published by a popular assembly, and administered without fear or favour."

But it is in the last 40 pages of the novel that the most memorable passages occur. After they have talked under the light of the moon for a whole summer night, Olivero and the Green Child are sucked underground into a vast cavernous region, a huge grotto with naturally tiered ledges and niches rising up to the great arched roof. This is the country of the Green People, and in Read's pattern its represents Utopia against the historical possibility of paternalistic socialism outlined in the earlier part of the novel.

In this society, where aesthetically pure form is cultivated and contemplated in lumps of crystal, old age is revered, and such government as exists is conducted by a triumvirate of sages. Life consists of a gradual progression from the lower region, around a vast pool where sensual appetites are sated, to the ledges above, areas of contemplation and meditation. What we now think of as the Third Age consists of small groups of friends perambulating the upper ledge discussing philosophical and scientific problems.

The last stage of all in this life happens when one of these walking-talking thinkers withdraws from the group to occupy a niche of his own in solitary contemplation.

It is a dream of perfect order and contentment worked out in charmingly human terms.

Anthony Curtis, who has been in charge of the FT Books Page since 1970, will hand over as literary editor next week to J.D.F. Jones, and will become regular weekly book-reviewer.

Romance in the Scots myth

IMPROVEMENT AND ROMANCE: CONSTRUCTING THE MYTH OF THE HIGHLANDS
by Peter Womack
Macmillan £29.50, 211 pages

AFTER THE defeat of the Jacobite rebellion of 1745, the Highlands of Scotland were defined as a region of dangerous lawlessness. By the early 19th century, however, works such as Sir Walter Scott's *The Lady of the Lake* were able to draw on a quite different image of the mountainous north as a strikingly "romantic country," inhabited by "a people whose ancient manners and customs were 'peculiarly adapted to poetry.'"

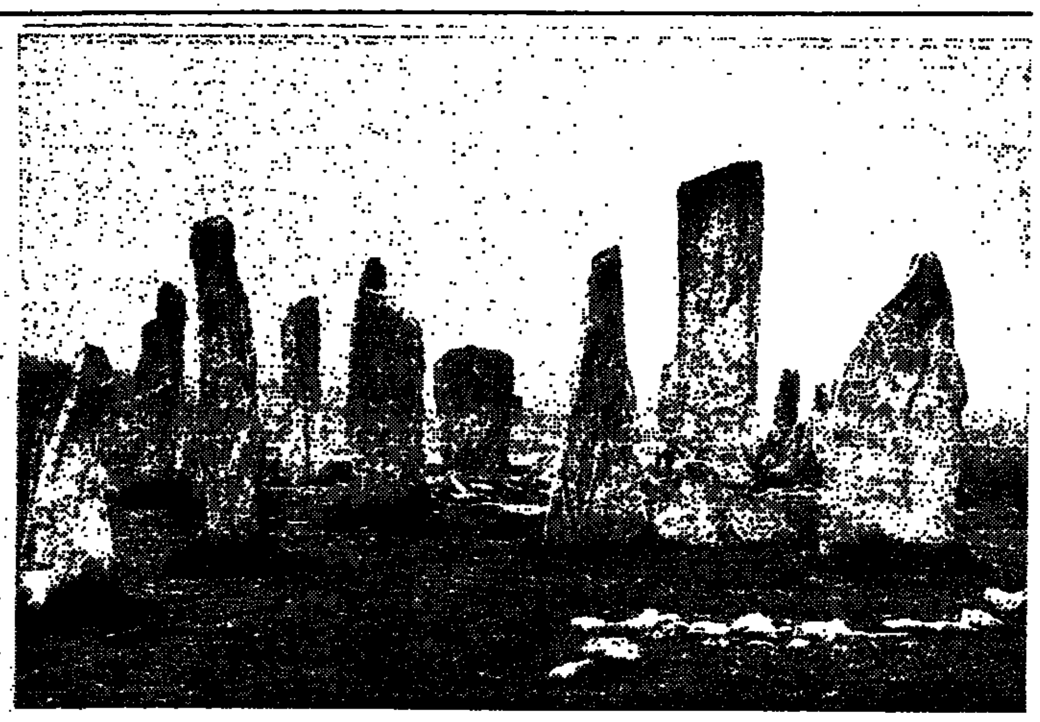
In examining this swift, dramatic transformation, Peter Womack focuses on the themes named in his title: "Improvement" and "Romance." His analysis of the relation between the two is sufficiently lively and sophisticated to take the book far beyond a mere catalogueing of stereotypes.

The 18th century impulse to "improve" the Highlands required that they should initially be defined not as an alien country but as a region at an earlier stage of development than England and Lowland Scotland. In labelling the Highlands as vestiges of an archaic civilisation, however, the discourse of Improvement inadvertently accorded them "the special, numinous value of relics," making it possible to surround them with a seductive aura of romance.

Even in the early stages of the Highland myth, when Scottish mountain-dwellers were presented as fools, rogues, beggars, and barbarians ("More like a Monkie, nor like *Mars*"), their ferocity and uncouthness were associated with qualities which often attracted praise – such as the social defiance and untrammelled sexual energy of the "ranting, roving laddie," and the "antique valour" of the mountain warrior.

Later in the 18th century, a "pious and reactionary" revision of this myth of Highland lawlessness allows the clans' Jacobitism to be presented as the result not of rebelliousness but, on the contrary, of loyalty to their prince – a loyalty all the more commendable for its "glamorous futility."

The theme of romance encompasses, too, the classification of northern Scotland as a domain possessed of a particular power to excite the imagination and the visionary faculty. The chapter on "ghosts" is concerned primarily with the supposed *Poems of Ossian*, written in the 1760s by James Macpherson, but presented to the world as translations from a 3rd century Gaelic bard.



An assemblage by Henry Moore or Barbara Hewpworth? No, they are the Callanish Stones on the Isle of Lewis in the Outer Hebrides, tall slender pillars of gneiss, set on a ridge overlooking East Loch Roag. One of the illustrations in Ann MacSween and Mick Sharp's informative *Prehistoric Scotland* (Batsford, £14.95)

Womack emphasises the "oppressive" nature of both Improvement and Romance in maintaining the Highlands in their peripheral role, as "a domestic 'underdeveloped country,'" subordinated to the interests of southern, urbanised, "commercial society." The "quixotic unworldliness" so frequently ascribed to wild mountain clansmen is, he notes, a quality "which silently ratifies the superior rationality of what they resist."

Improvement and Romance never aims at any great consistency of approach, but puts together a range of different kinds of analysis in an intelligent and stimulating manner. Occasionally – in the sections on the sublime and the picturesque, for example – Womack lapses into mere textbook-like diligence.

More often, the reader is presented with a succession of illuminating observations and intuitions – such as the suggestion that hunting is able to assume such a prominent place within the myth of the Highlands in the 19th century by virtue of its ability to reconcile the security and banality of tourism with the Romantic fantasy of crossing into a remote, unfamiliar world.

Chlöe Chard

Flirting with truth

THE CANNING ENIGMA
by John Treherne
Jonathan Cape £11.95, 164 pages

VOLTAIRE WRITES: *"J'étais à Londres, en 1753 quand l'aventure de la jeune Elizabeth Canning fit tant de bruit."*

Voltaire was not in London then. Why did the case of the girl Smollett called "an obscure damsel of low degree" compel Voltaire to lie? Why did it set Henry Fielding against the Lord Mayor, Sir Crisp Gascoyne? And why did it engender a nine months' prodigy of pamphlets, articles and advertisements in London?

In *The Canning Enigma*, the late John Treherne teased the tangled yarn into traceable threads, and with tactful intelligence uncovered the case's fascinating inconsistencies, laying bare unanswerable questions.

The Canning case, a monument to adversarial legal process, turns on two sets of opposing evidence involving more than 70 witnesses.

The details: on New Year's Day 1753, Elizabeth Canning disappears while returning home from her aunt; she reappears on January 29, hungry and half-clad, at her mother's house; she claims she has been abducted near Bethlehem Asylum in Moorfields, robbed and imprisoned in Enfield Wash; she delivers her story to the Justice of the Peace for Westminster and Middlesex, Henry Fielding.

Fielding believes her. Canning accuses Mary Squires (gypsy) and Susannah Wells (householder, Enfield); Squires is indicted and found guilty of abducting and robbing her of one pair of stays and ten shillings, and of keeping her at Wells's house for four weeks. During the trial, crowds throng the court and assault the defence witnesses; Wells is branded on the thumb, Squires sentenced to death. But Sir Crisp Gascoyne is struck by testimony showing that Squires was not in London, but in Abbotsbury, Dorset, at the time of the alleged assault.

Gascoyne amasses evidence vindicating Squires, who consequently receives a free royal pardon in May 1753. However, John Myles, Canning's lawyer, travels west to round up the witnesses who identified Squires in Dorset, and in April 1754 issues a writ of perjury against them. He then advertises for, and marshals, 27 witnesses to invalidate the Dorset evidence and to speak for Canning.

But, simultaneously, Gascoyne's son, Bamber, and *arriviste* defence attorney William Davy gather 41 witnesses to show that Elizabeth Canning lied in court, and arraign *her* for perjury on April 29 1754.

That trial lasted eight days, caused a public furor fit for the Mayor to read the riot act outside the Old Bailey, and resulted in Canning's deportation to America, guilty of "wilful and corrupt perjury."

A slew of pamphlets had filled up the interim between May 1753, and April 1754, as medical opinion, moral discourse and popular sensation vied for attention and profit.

Fielding wrote of the case "consisting of many strange Particulars, resembling rather a wild Dream than a real Fact." But his continued belief in Canning occasioned a revenge on Fielding by the mountebank, scholar and playwright Dr John Hill of the *Covent Garden Journal*.

Elizabeth Canning died aged 40 in 1773, a quiet, respectable member of New England society. Her noisy case coincided with the contemporary appetite and technological capacity for those pamphlets and advertisements which percolated through London coffee house society; with two lawyers, Davy and Myles, who knew the value of public opinion; and with serious rational concerns about the nature of truth.

Johnson's friend Allan Ramsay, found it "no less than an enquiry into the nature of moral evidence, the axis upon which all human affairs turn." But Voltaire, whose account flirts with truth, uses the case to indulge his prejudices about French legal process: *"Heureusement en Angleterre aucun procès n'est secret, parce que le châtiment des crimes est destiné a être une instruction publique aux hommes, et non pas une vengeance particulière."*

Andrew St George

Fiction

Mason passes charm test

SPENCE + LILA
by Bobby Ann Mason
Chatto & Windus £11.95, 176 pages

LOVE LIFE
by Bobby Ann Mason
Chatto & Windus £12.95, 214 pages

GRAVE ILLNESS is a wonderfully concentrating event: the threat of death breaks down the barriers of familial reticence and embarrassment, and tendrils of attachment are allowed to flourish where previously they have been rigorously pruned by repression, shyness, selfishness, fear of mortality, pride.

Bobby Ann Mason uses the compression of such an occurrence as the perfect trigger for a novella, *Spence + Lila*, which is both a love story and an examination of what keeps people alive and together.

Spence and Lila were childhood sweethearts who eloped, had children (now dispersed), worked their farm lovingly amid hardship and the encroachments of urban sprawl and moral slippage. Now Lila has breast cancer, possible thrombosis: a breast is removed, further operations threaten. The daughters, Cat and Nancy, rally round with their new ways of looking at the world, new modes of organising the household in Lila's absence.

Lila does not die; but the threat of her death has drawn the family together and has, most movingly, emphasised and released Spence's knowledge of his total love for her.

This slight, but beautifully-judged novel could have been mawkish and sentimental, but Mason's touch is so sure that it seems that she really is in pretty close communion with the way things are down in Kentucky. This is the way people behave: the apparently random reminiscences about shared experience around the sickbed, the way the family mores are stronger than any new-fangled ideas.

One of the funniest and most touching episodes is the total freeze-out of the well-meaning feminist social worker who issues standard letters to send to the family: "The letters say things that you may be uncomfortable saying, things you might be afraid to say, but they will explain your feelings at this delicate time when you need emotional support." The hidden agenda throughout is that world where emotional support has been withdrawn, where old certainties are shaky, where slick intermediaries are needed to cope with emotional inevitabilities.

This world moves to the foreground in *Love Life*, a collection of short stories which have already appeared in various American publications – happy the land which has outlets for the short story.

This is the area where Tammy Wynette is queen and Elvis is the ultimate reference: trailers, shopping malls, Big Macs and Cokes in motel bedrooms, children asleep in the back of the Chevy if grandma is out with the new boyfriend and can't look after them.

The women are adrift, knowing that standing by your man is what it should, perhaps, be all about, but whose lives have somehow washed them along without their ever getting to grips with what's happening to them.

Each of these exemplary tales takes a moment when revelation, of a kind, almost breaks through the sludge of moral and emotional obtuseness and exhaustion. Signs beckon from the natural world of farm and work which Bobby Ann Mason always uses as the touchstone for a more complete reality. A woman suddenly realises that her new man is not the gleaming stud she thought, but a tired, washed-up, second-rater as she looks at the photograph he's had taken for his record sleeve.

Another begins to realise sickness inside her dangerously fantasist Vietnam veteran husband. In one of the most delicate stories a check-out girl tries to mourn the death of her secret lover, shoe store owner in the same shopping mall, killed in a traffic accident: enforced secrecy emphasises stunted feelings.

In a recent interview, Bobby Ann Mason spoke of her fascination with the language of her native Kentucky. Indeed, in this collection, a living vernacular is used with great artistry to illuminate the specifics of a changing world: the non sequiturs, the small change of small people clarify a clear vision of great wisdom. Charm is a dangerous commodity in a writer, but Mason has it - and it is not devalued.

Mary Hope

A woman in the world...

*...but 'R.G.' was no worldly woman, says **Rachel Billington***

A HOUSE WITH FOUR ROOMS: AUTOBIOGRAPHY VOLUME TWO
by Rumer Godden
Macmillan £12.95, 318 pages

RUMER GODDEN'S "Four Rooms" are 1) the physical, 2) the house of the mind, 3) the emotional, and 4) the spiritual. This second part of her autobiography runs from 1945 to the present day, a record of a remarkable woman who turned to her husband after triumphantly addressing the Library of Congress and commented: "I don't want to do this any more." Forced to expand, she added simply, "I mean, it isn't writing."

Rumer Godden has published 60 books, mostly adult children's novels but also non-fiction and poetry. This large output has not been achieved from a settled existence, a desk with an unchanging view. She was, indeed, lucky in her second husband, James Haynes-Dixon, who wooed her with parcels of coal in the hard days after the Second World War and continued to look after her until his death in 1973. But the events of her life, such as the night the large family home burned to the ground, or the travels back to India when Jean Renoir recreated her novel, *The River*, or to France, where *A Greengage Summer* was filmed, make her a woman in the world, although never worldly.

Rumer Godden, author of *The Greengage Summer*, looks back over a lifetime of acclaimed literary work.

This continued story opens on the Liverpool docks as she returns to England with her two young daughters, Jane and Paula. They have been in India for four years, on their own for two, and Rumer Godden has no wish to see her then husband again. They are in bad physical shape, but arrive at "Fa and Mam's" house in the country to find not only the joys of the English countryside but also the kind of letters from publishers and agents of which a writer dreams.

Novels have been sold for films – although the first, *Enchantment*, when seen, bears no resemblance to the original, *Fugue in Time*. This process is explained by her agent, as "like buying a bottle of wine, using only a spoonful and filling up with sticky lemonade." She doesn't think much better of the second, *Black Narcissus*, but it becomes a classic.

Rumer Godden's work is wanted, that is the message, and this happy state continues throughout her life. This does not mean there were not problems. "R.G." (as she was often referred to) had a shaky understanding of income tax.

James Haynes-Dixon initiated a more ordered existence. Nevertheless, the background of beautiful old houses, including the Old Hall in Highgate, north London, (where Francis Bacon died), bought to watch over daughter Jane, who was going through a flighty period; and Henry James's Lamb House in Rye, East Sussex, changes with bewildering rapidity.

The modern female reader cannot help but be jealous of the equally fascinating array of nurses, housekeepers, cleaners and cooks who pass through the pages. Arlette from Belgium, who threw frying pans, seems to have been the worst. And Mrs Manders, who drew attention to a cabbage with "Look at the firmness and the colour! It still has the dew on it, it's so fresh!" seems the most desirable.

Rumer Godden has a passion for people and their foibles. It is typical that, invited to the dressing room of the great opera singer Renata Scotto, she describes the little boy who is sitting on the floor eating a bouquet of carnations. She is also passionate about pekineses, which she defines as "spirit," – the outcome of love between a lioness and a butterfly. Naturally, she writes a book about them, undeterred by a representative of the People's Republic of China, who, when approached for information, informed her that they had no knowledge of "such luxurious parasites."

Pekinese are important throughout her life. Catholicism came later, the product of much thought and a meeting with Archbishop Roberts of Bombay, who summed up his own reasons for being a Catholic with the word "evidence" repeated twice. Soon her new belief is inspiring her writing, and she is spending months studying at Stanbrook Abbey, an enclosed order of Benedictine nuns. Sadly, this loses her Noël Coward's admiration.

Writing is everything to Rumer Godden but is fundamentally secret. Her handwriting, she confides, is extremely small, because she doesn't want it to be legible. Yet, unlike other "secret" writers, she seems to have had no problem about surviving the critical eye of publication. The world interests her and has always wooed her. An assignment such as writing the screenplay for the ballet film of *The Tales of Beatrix Potter* was taken on with astonished enthusiasm. She is a woman who dares, a woman of experience who mysteriously finds enough hours in the day to create a world of the imagination.

More cauldron than argument

THE CROCKFORD'S FILE:
Gareth Bennett and the Death of the Anglican Mind
by William Oddie
Hamish Hamilton £14.95, 224 pages

WILLIAM ODDIE'S book takes for its text Dr Gareth Bennett's *Crockford* Preface and considers how the anonymous author was hounded to death, not so much by the press as by the liberal establishment within the Church itself.

Oddie takes the reader through Bennett's last days. It is a sorry tale, unsettling in what it reveals about the machinations of the visible Church and its crude Erastianism, the ways in which it apes the bad habits of the political world, plays the media game, and is so keen on the packaging and selling of its product that questions of truth have become hopelessly attenuated.

Dr Robert Runcie, the Archbishop of Canterbury, told Bennett that he "wanted articulate and presentable men" in the Church's high offices; Bennett said he would prefer men of principle. This exchange summarises the dilemma of Anglicans who love the historic Church and are spiritually hurt by the direction in which the House of Bishops and the Lambeth Conference are guiding it.

Did Bennett's suicide invalidate the severe strictures of his Preface? Or does it remain a *locus classicus*, a pained, rigorous and angry statement of traditionalism shared by both Evangelicals and Anglo-Catholics who are being edged out of their church?

Oddie addresses some of the issues of the Preface and characterises the powerful forces against which Bennett tilted with such disastrous personal consequences.

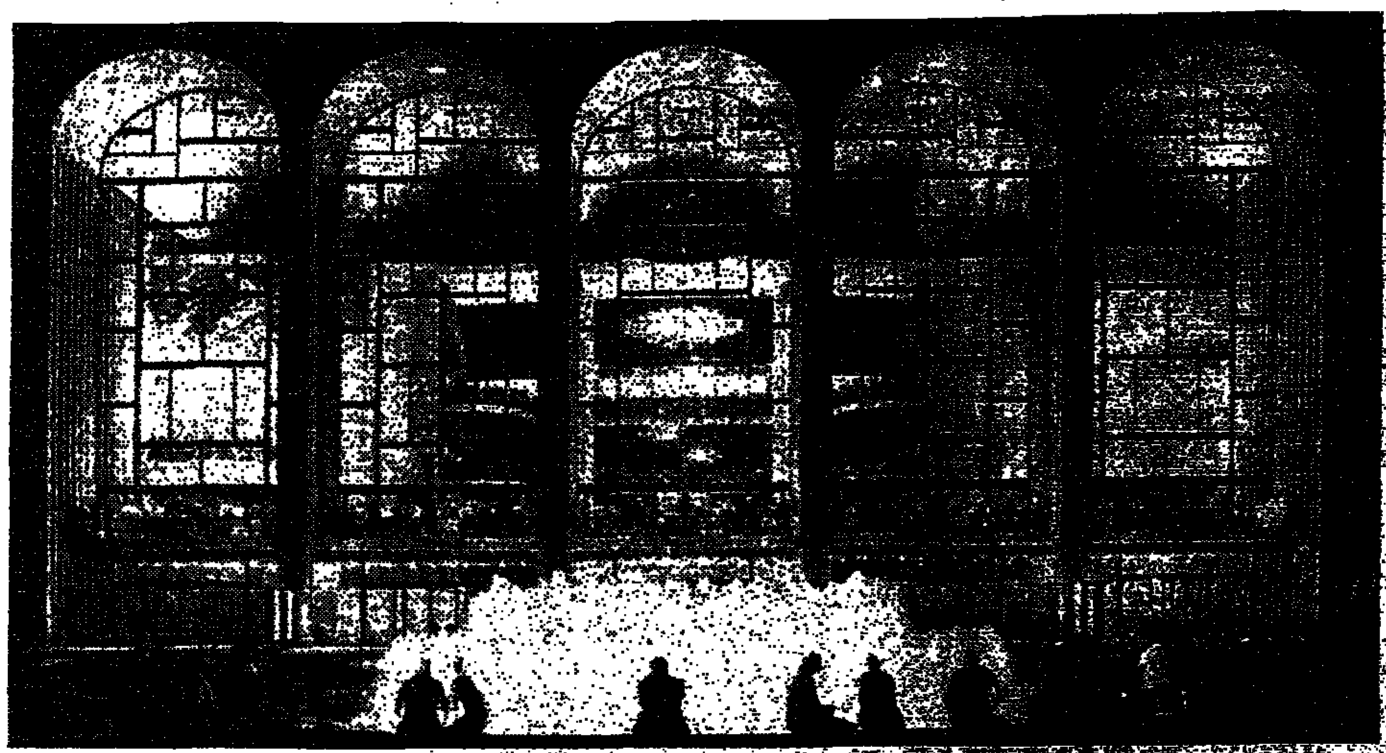
But I wish it were possible to recommend Oddie's book. Written for the lay reader by a priest and journalist close to Bennett and the conservative rump of the Church, it includes much privileged information. But it is more a cauldron than an argument; the same examples, the same phrases and rhetorical lumps, keep seething to the surface and subsiding. The journalist wrings every drop of pathos out of Bennett's life and death. I wonder if Bennett would have approved of this approach.

The English Church desperately needs a new Richard Hooker to define afresh the the English Polity, to deride the forces that seek to convert Anglicanism into a "liberal protestant sect;" someone who, like Hooker, seeks to persuade not by polemic and anecdote but by patient, charitable and lucid argument.

Michael Schmidt

Lessons to be learnt from the Met

*As Covent Garden faces a £3m deficit, **Antony Thorncroft** looks at the philosophy behind the successful funding of the Metropolitan Opera*



The New York Met has one overwhelming asset over the British: a loyal public which can claim its generosity back against tax

IN THE next few weeks Mr Jeremy Isaacs, general director of Covent Garden, must somehow find a solution to the £3m deficit which threatens to overwhelm the Royal Opera House, as well as settle the irritating dispute with his corps de ballet which has cost the beleaguered House over £80,000 in lost box office revenue.

If he has time he must envy the apparent calm which engulfs a fellow 57 year old Britisher, Hugh Southern, who last autumn took over as general manager of the Metropolitan Opera in New York. The operating expenses at the Met last season, at $91.6m, were almost twice times those at Covent Garden, but a minor dip into the endowment fund gave the Met a surplus of $168,000. Has Mr Southern any advice for Mr Isaacs?

Well, for a start it helps to follow on from a tough predecessor. Bruce Crawford, a former advertising executive, had been president of the Met since 1984 and two years later added the job of general manager, which he quit last spring. In his time he eliminated an annual deficit of $8m, mainly by cutting part time staff by 800, to 1,200; cancelling the loss making annual tour; attracting new recording work; and, by concentrating on a more popular repertoire, boosting box office revenue by raising audiences from 83 per cent to over 91 per cent. With the Met's vast 3,800 capacity, this is the most painless way of balancing the books.

These are obvious changes, well within Jeremy Isaacs capabilities. What he would find more difficult is transforming the whole philosophical basis on which Covent Garden is funded compared with the Met. Last season the Royal Opera House received 44 per cent of its £35m revenue in the form of a grant from the Arts Council: in comparison the Met derived just $2.4m in this way, around 3 per cent of its revenue, with $1.14m coming from the National Endowment for the Arts, (formerly managed by Hugh Southern) and most of the minimal rest from New York City and State.

But if the Met cannot look to public funding it has one overwhelming asset almost totally lacking from the British arts scene – the public, the hundreds of thousands of loyal supporters who give the Met cash. In all, contributions last season swelled the Met's coffers by $34m, making them almost equivalent in importance to the Arts Council grant for Covent Garden. Can such giving be transplanted across the Atlantic?

Almost certainly not. American subscribers can claim their generosity back against their tax liabilities, and although this may not be the overriding force behind their charity, it is crucial. There is no sign of the Treasury opening a similar floodgate in the UK. In addition there is an entrenched tradition of giving in the US, often linked to civic pride, which is completely absent here.

But the driving force behind the Met's ability to attract donations from a quarter of a million supporters each year could be developed in the UK. According to Marilyn Shapiro, the assistant manager who masterminds fund raising, the key to the Met's popularity, which far outstrips any other cultural institution in North America, is its out-reach programme to the country at large, built upon the regular Saturday afternoon radio opera broadcasts which are sponsored, to an undisclosed but probably $5m plus sum, by Texaco.

These celebrate their 50th anniversary this season and pipe Met productions to an audience of up to 7m, listening through 300 local radio stations. Many of the $50 donations come from these remote fans, whose love of opera has been developed over the decades through this American Institution. For 1989-90 six television broadcasts have been added to the schedule, including Wagner's *Ring*.

On top of this mass band of friends, the Met has perfected a caste system consisting of rings, reminiscent of Dante, in which supporters pass from Supporting Patron (a donation of $2,000 plus), to Sponsor Patron ($3,500 or more), to Benefactor Patron (upwards of $6,000) to the Presidents Circle ($10,000 or more), to the dizzy heights, occupied by 70 odd rich opera fanatics, who have pledged $100,000 over three years to the Met.

There are even more generous backers, many of whom are foundations or charitable trusts, who give in excess of $250,000, culminating in Mrs Donald D. Harrington, an oil widow, who has pumped many millions of dollars into the Met over recent years. The interest from her munificent contribution to the $100m centennial endowment fund has financed eight of the 28 productions in this year's repertory, including the new production of Zeffirelli's *La traviata* which opened the season. Since this very lavish show cost well over $2m to mount the generosity of Mrs Harrington is awesome.

Marilyn Shapiro firmly dismisses the argument that the Met is underpined by the snobbish wives of the nouveaux riches desperate for social acceptance. Over two thirds of its supporters do not live in New York and she reckons the city is so large, cosmopolitan and democratic that there is no one cultural pinnacle. "Most of our friends are fanatics brought up on the radio broadcasts who are more passionate about opera than about schools or hospitals." The opening gala might be a bit glitzy, but there are seats at the Met for $18, and lots at $45, making it much cheaper than a Broadway musical. Even the box seats at $105 compare well with Covent Garden.

The Met has built up a loyal audience. Equally significant for Covent Garden must be the fact that 58 per cent of the Met's seats are sold on subscription. There are no discounts for the subscribers; just the certainty of seeing the productions featuring Pavarotti and Domingo as well as the increasingly prominent home grown stars like June Anderson.

It has been a policy at the Met, which Southern will energetically pursue, to field more American singers. The Met still attracts the stars, mainly because of the reputation of its artistic director James Levine (and its TV transmissions) but it refuses to pay exorbitant prices for them. Its top fee is $10,000 a performance, well below that of Covent Garden or the leading continental opera houses. (It is an under-trumpeted fact that the comparative fees of leading opera singers have fallen steadily. A century ago Patti was earning $10,000 a night at the Met. These days the big voices clean up at concerts and use the opera houses to maintain their reputations.)

Marilyn Sharp acknowledges ruefully that while the ideal is to make the supporters of the Met feel like one big happy family, joining the gang through personal contact and love of opera, hard pressure sales techniques are increasingly employed to maintain the level of contributions. She deplores cold telephone calls to prospective donors, but they have become essential. "Now it is more marketing than development, which is not so good psychologically." Other fund raising approaches which could be adopted by Covent Garden include an annual raffle, which raises $1m, and an emphasis on "planned giving," a delicate euphemism for "please remember us in your will."

While the Met has perfected private giving, it pays much less attention than Covent Garden to corporate giving. It receives under $1m from this source (Covent Garden raises more from business). "We can't give the bang for the buck," says Marilyn Shapiro. "Companies get more visibility in London than we can promise them in New York." An exception is Japanese corporations, that have been encouraged to form a supporters club which financed a tour by the Met to the Far East last year.

But an opera house should be more than a successful business operation, and there has been criticism that the Met has solved its financial problems by going for a bland, undemanding, diet of operatic classics. Certainly there have been few new operas presented in recent seasons. But since the Met's economic crisis was prompted by a slump in audiences in the late 1970s and early 1980s when it tried to be more adventurous in its programming, such caution is understandable. It discovered that it could attract good audiences for the opening performances of *avant-garde* or little performed operas, but that when they re-appeared in the repertoire the house was ominously empty.

The Met has one other advantage over Covent Garden. Its rival, New York City Opera, has hit a crisis, with striking musicians playing havoc with its season. In addition the NYCO has tried so resolutely to be populist, by flirting with stage musicals and operetta, and by being relentlessly tricksy in its productions of the classics, that some of its supporters have become disillusioned. In contrast Covent Garden's rival, the English National Opera, has managed a successful run of new productions which when not admired by the critics have been controversially discussed.

This season the Met is off to a flying start, with attendances reaching 97 per cent of capacity. Yet Hugh Southern has to live with a personnel problem beyond the experience of Jeremy Isaacs – the dominance of James Levine, who has been artistic director for 14 of his 20 years at the Met, yet is still only 46. Levine has traditionally been the figure head. He has kept the repertoire along traditional lines, with a bias for the German classics as against *bel canto* operas. He is credited with making the Met chorus and orchestra the best of any opera house, but also criticised for keeping rival conductors out of the pit.

Southern will have to work in the same direction as Levine and slowly infiltrate his own priorities. He wants more American directors and singers; he would like the Met to perform more Handel; he will develop the television transmissions and explore "pay as you view" video; and he wants above all to make the Met the voice for opera in the US. Also he would like to realise some of the projects talked about for years, such as a "mini" Met. There are links with the Brooklyn Academy of Music which could form the basis of a programme of chamber operas. And, a sign of the new financial confidence, the Met has commissioned two new operas, one by Philip Glass.

With 224 virtually non stop performances every season the Met is more of a production line than Covent Garden. "It would be rash to say that all were at the very highest level but the general quality is high," says Southern. He knows that the New York audience is musically sophisticated – audiences fall if second rate, or badly balanced, casts are fielded.

To emulate the Met's financial security it would seem that Jeremy Isaacs will have to fund raise on an unprecedented scale among the rich and, at the same time, a growing new generation of opera lovers. In the meantime providing a consistently high standard of performance of interesting productions could raise attendances at Covent Garden that extra 10 per cent which would largely solve the enervating financial crisis which has plagued the House for so many years.

Council flexes its muscles

***Antony Thorncroft** on the distribution to the arts of the extra £15m*

THE EXPECTATION of a quietly prosperous year for the arts in 1990 has already proved a pious hope. It was always maintained, stridently at times, that if the arts were given enough money they would perform wonders. A pleasantly bemused Arts Council received £15m more than scheduled from the Arts Minister, Mr Richard Luce, in November and in total has £174.5m to distribute in 1990-91.

Immediately the Big Four – the RSC, the ENO, the Royal Opera House Covent Garden and the National Theatre, the favourite sons of the chairman of the Arts Council, Mr Peter Palumbo – received the full 11 per cent increases in their grants.

But after that burst of generosity the Council has decided to use its extra money to flex its imagination – and its muscles. There is going to be no general across the board increase in grants: in fact for Kent Opera there was going to be no money at all after next November and it promptly committed hari kari. The other 150 odd arts organisations that rely on the Council for support will receive something, but in its barrage of 1990-91 grants released this week the Council reveals that it is not going for an easy life. Some arts groups are now contemplating stand-still subsidies or even cuts. The financial honeymoon is over.

The theatre in Liverpool, for example, is in for a bleak year, with a cut of 9 per cent, to £283,700, in the grant to the Merseyside Everyman, and of 7 per cent, to £527,300, for the Liverpool Playhouse – not because of any worries about their artistic standards, but because the local authorities are felt by the Arts Council not to be pulling their weight in supporting the arts.

In contrast, the Bristol Old Vic receives an extra 18 per cent, at £500,000, since the local council here has promised to step up its aid (and the company also did well in a recent Council appraisal). In other cities, such as Southampton, Leeds and Plymouth, the local theatres have received more than the average 7 per cent uplift for drama companies because on the two key issues – quality of performance and local authority commitment – the Arts Council is happy.

In London the Royal Court gets 17 per cent more in acknowledgement that it has been hard done by in recent years while its output has been commendable: there should be no more fears for the future of the Theatre Upstairs.

In the main the Council is encouraging the avant-garde, both in drama (Welfare State and Natural Theatre have done well) and dance, where there is a penchant for the black avant-garde. Two ethnic dance troupes, Kinetics of Social Harmony (KOSH) and Adzido, see their grants almost doubled while Northern Ballet, a company that has in the past aroused the axe chopping instincts of the Council, is on a frozen grant, although it might get more if it can convince the Council that it has imaginative plans.

In music the Arts Council is being something of a tease. A number of groups, like the London Sinfonietta, the English Chamber Orchestra and the Haydn Mozart Society, are on frozen grants, or a minimal rise. But the Council has promised them more for special projects which dovetail with its ambitions for more interersting, better rehearsed, concerts. It is carrot and stick time. In contrast the purveyors of contemporary music, like the Huddersfield Contemporary Music Festival and the Society for the Promotion of New Music, get substantial uplifts.

But the big arts story of 1990 may not involve the demise of this orchestra or that dance company, but instead question the future of the Arts Council. The Wilding Report, commissioned last year by Richard Luce, suggested that an additional £2m could be created for the arts if some of its bureaucracy was shed. Halving the Regional Arts Associations to six could improve efficiency: at the same time the Arts Council workforce could also be slimmed down.

More to the point, the distribution of most grants to arts organisations might be channelled through the fewer but larger RAAs, reducing the number of clients directly funded by the Arts Council to nearer 20. If this happened – and the Minister might well enforce the essentials of Wilding this year – the Council would soon become just a mouthpiece and lobbying force for the arts. It would then be in danger of losing its funding of the Big Four clients, which, along with the South Bank, consume around a quarter of its annual grant. They have, in the past, flirted with the option of being financed directly by the Government.

The Council delivers its reply to Wilding next week. It is being diplomatic, welcoming most of the recommendations, but is prepared to fight its patch. It would happily pass on some clients to the RAAs, but would like a base of around 50, including major regional forces like Opera North and the Hallé Orchestra, whose grants (over £2m in the case of Opera North) would consume an uncomfortably high proportion of any RAA's budget. It also believes that all grants should be jointly approved by its specialist panels and the RAAs, hardly a bureaucratic saving.

Mr Peter Palumbo, chairman of the Council, might be happy with a propaganda role, setting out long term objectives (such as planning an arts contribution to the millennium celebrations in 2000), concentrating on his personal initiatives, like the Endowment Fund for the arts, and involving the Council in money making areas, like a television company producing arts programmes for the new television channels; but the secretary general, Mr Luke Rittner, is loathe to hand over all financial power to the RAAs. It would be ironic if in twelve months time it was the Arts Council that was fighting for its life rather than one of its sickly clients.

Focus on the camera

AS USUAL, the end of the holiday is as well spent in a major museum as in Cork Street. The Victoria & Albert has had its troubles lately, but it is still one of the world's great treasure houses, to which a visit can never be a waste of time to anyone with eyes in his head, and a mind, and a soul. The present scandal and argument centre only upon the consequences of decade upon decade of gross underfunding and neglect by successive governments, in whose care it lay, compounded by internal complacency, inertia and division. Such questions at least are now being addressed, and we must hope that the 1990s will see them properly resolved.

If the collections themselves are not enough, there are usually several small exhibitions current, if not the major efforts of the past. Three shows now on are typical (one of which, the Searight Collection, will be reviewed by Susan Moore). The other two are both photography exhibitions to mark the medium's 150th anniversary, which is only right since the Museum holds one of the nation's principle collections of photography.

Clementina, Lady Hawarden (until January 28) was one of those aristocratic amateurs, fortunate in the means and opportunity to pursue an interest, who were photography's true pioneers. She took to photography in the mid 1850s, when her husband succeeded to the title and the family estates at Dundrum in Tipperary. In 1859, the family returned to the house in Prince's Gardens, South Kensington, which was to be the setting for all her subsequent and by far the larger portion of her work.

By the time of her death, at only 42, early in 1865, she had established a considerable public reputation, but after one memorial show later that year, her family withdrew all her material and she was soon forgotten. Only with her daughter's presentation in 1940 to the Museum of that family archive did the the process of retrieval begin.

Even now she remains a shadowy figure, who left no certain image of herself. She knew Julia Margaret Cameron, whose reputation lasted and is now secure, and whose work her own resembles in some respects. But while she stands her clear equal as an artist, she is quite distinct in her achievement. There is the same emphasis on the statuesque and significant pose, often set up in symbolic tableau, yet in Lady Hawarden's work there is very little of the Tennysonian romanticism and sentiment of Mrs Cameron.

The room at Prince's Gardens is empty, the curtains swept back and light flooding in over the balcony. The models, as often as not her daughters Isabella or Clementina, sit or stand in the simplest of poses, half turned towards the camera, to catch a profile in the glass, or turned quite away, self absorbed. In the clear light, the formal presence of the figure is all, the fall of the shawl and full sweep of the crinoline turning all to sculpture. It is how things were that touches us across the century, for it is how things are: "Sweet day, so cool, so calm, so bright," and these pretty girls caught in the sunshine in, even then, their old-fashioned, pantomine, dressing-up clothes.

The other photography show (until March 18) is typical of Pirelli's imaginative individual interventions. Chris Killip was invited to put together a folio of impressions of Pirelli's tyre factory at Burton-on-Trent. He asked only for unsupervised access for 24 hours, which he spent looking not so much at the process itself, nor the place, as at the men at work, inalienable individuals though caught up in the factory's relentless business. He has produced a set of portraits that are at once anonymous, common to us all, and monumental.

William Packer

Untitled photograph by Clementina, Lady Hawarden of her daughters taken at 5 Princes Gardens

Enescu celebrated at the Wigmore

THE MORE familiar "Georges Enesco" is, we learn, only a French version of the Romanian violinist-composer's George Enescu's proper name. (If I had a *New Grove*, I'd look up the spelling preferred there: given its batty ways with Eastern names, it might be "Ayneska" or perhaps "Unesco.") At any rate, there is now a devoted George Enescu Society of the United States Inc., and on Thursday it sponsored a recital by the violinist Sergiu Schwartz which included the 18-year-old Enescu's Second Sonata, op. 6, for violin and piano.

Like Schwartz himself, the Sonata was eminently worth hearing: indeed, it seems to be a kind of mischance – just what the Society hopes to put right! – that this shapely, fascinating work hasn't entered the repertoire. Many a good turn-of-the-century piece got lost, of course, in the subsequent anti-Romantic shuffle. Young Enescu's style was Romantic-adventurous but never inflated, strongly imbued with personality and also (one assumes) with Romanian character, and the writing for both instruments is grateful, assured and effective. A record by the composer and Dinu Lipatti, which includes the more unbuttoned and pyrotechnical Third Sonata "dans le style populaire roumain" too, can still be found.

Here the idiomatic pianist was Lory Wallfisch, a founding member of the Society, and Schwartz's clean authority and warmth were as appealing as his precisely imagined colour-contrasts. The rest of the programme comprised an exuberant account of Bloch's "Baal Shem" Suite (Schwartz is Israeli) and another of Ysaÿe's third solo Sonata, the demanding "Ballade," legendary in the trade and this time superbly expounded – not to mention Schumann and Bartók. Not to mention them, because they found the accompanist very ill at ease (fearfully reticent in the former's impassioned A minor Sonata, and insecure in the latter's flamboyant First Rhapsody); but Enescu and Ysaÿe were more than enough to justify the evening.

David Murray

Video

My chronicle of woe

SOFTWARE-WISE we are in dire straits this month. After the Christmas deluge, nought but a trickle of quality titles to begin the new year: more anon.

It is perhaps as well since, hardware-wise, I am in even direr straits this month. Many of you have written to me over the years about the machinery end of the video experience. How your VCRs rear up and bite your fingers; how they munch your cassettes or chew your tape-ribbons. Or how your TV screens, when switched to the video channel, develop knitting patterns, twitches or blinding glares.

I want you to know that you are not alone. What can you do about such problems? According to my experience, far less than one would wish. The well-known firm at whose service centre my own hire-purchased TV is now sitting for its umpteenth examination – I will not name it for fear of letting loose an expletive – has treated me to nearly three years of broken appointments and poor service. Its most endearing trait is to have a service centre telephone number on which most of the time no one can be reached. Its second most endearing trait is to return your set with no notice either of when it is coming or of what has been done. A service report? A kindly note assuring you that, after thorough examination, all is well? Hope in vain.

Rumbelows – there, I let the name slip; ah well – is now holding my TV in its indefinite custody, because I indicated that this time I did not want it returned without a letter reassuring me on two simple points. One: the tube is in good condition. Two: the picture is not emitting harmful rays. Since the set arouses grave doubts on both scores (headaches and eyestrain are frequent in this household after watching the set for more than an hour), this seems a reasonable request.

Is Rumbelows willing to grant it? Of course not. So there we are. I with a loan replacement set whose picture quality even the installer agreed was appalling. The company with my set. And all because it refuses the customer the simple service of assuring him that his machinery is in good condition.

I am still way behind many of you in your chronicles of woe: a mere novice in the order of St Cathode Agonistes. But we cannot let these trials go unrecorded. And we certainly cannot let firms like R**b*l*ws, currently dancing across our TV screens with its promise-them-anything commercials, escape without a little first-hand (counter) testimony from their clients.

Now: where were we. Ah yes. The new videos. Let us rattle swiftly through this month's treats. And please remember that I commend these titles from my large-screen experience, not having been able to see them on the small.

Things Change (RCA/Columbia). David Mamet's scintillating comedy of Mafia manners and mistaken identity, with Don Ameche as a shoeshiner hi-jacked by the Mob.

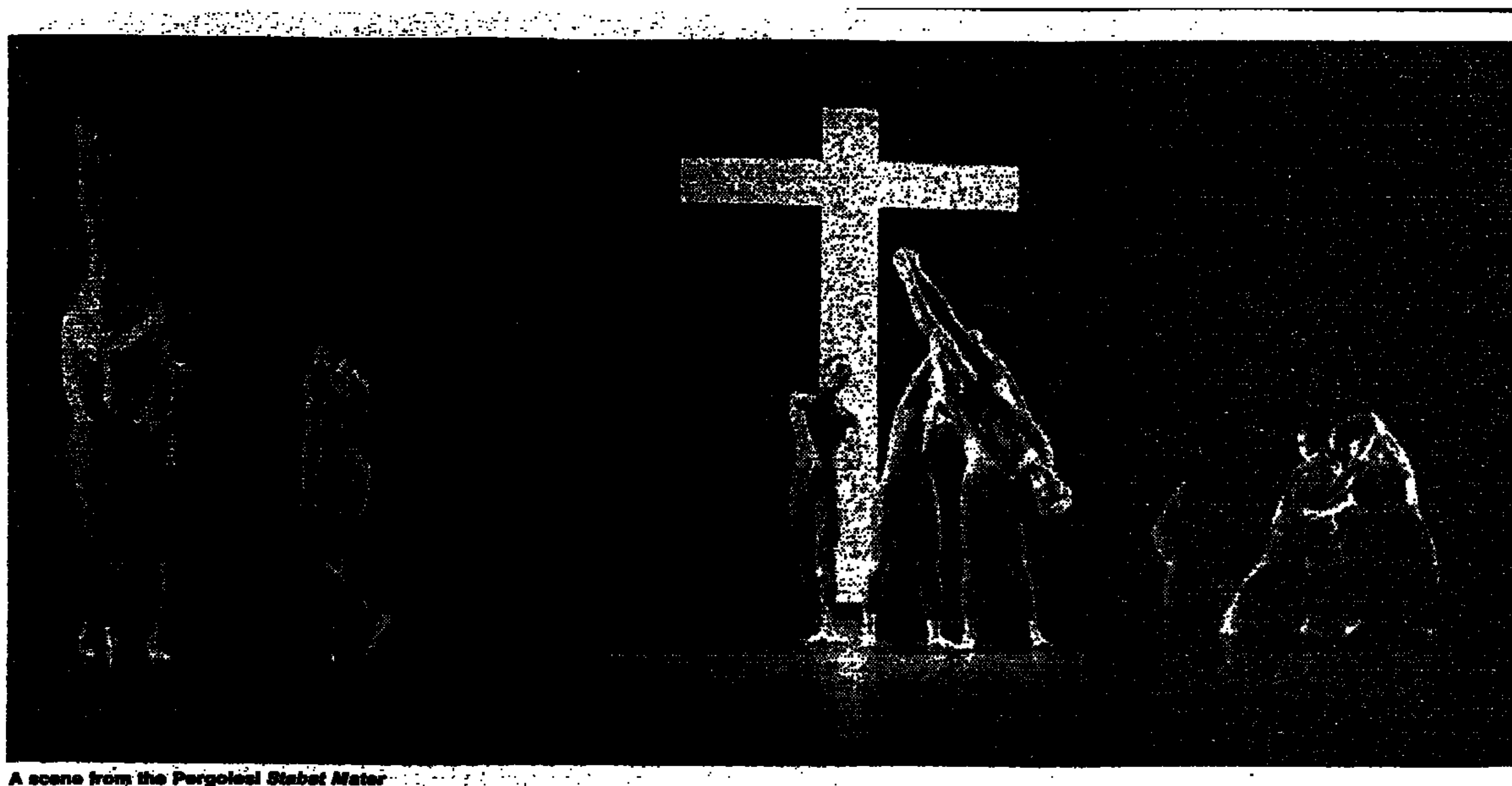
Pelle The Conqueror (Braveworld). More everyone else's favourite foreign film of 1989 than mine, but visually spectacular in its portrait of an emigrant father and son hacking out a life in turn-of-century Denmark. Max Von Sydow superb as Dad.

Betrayed (Warner). Knife-sharp thriller about racism from Costa-Gavras *(Z)*, with FBI-person Debra Winger sleuthing through the Deep South after Tom (Ku Klux Klan) Berenger.

The Last Emperor (RCA/Columbia). Bertolucci's ornate fresco shot in Peking's Forbidden City. Gorgeous to watch, though the pro-Maoist message comes through loud and resistible.

The Naked Gun (CIC) and *Kentucky Fried Movie* (Entertainment In Video). Late and early fun from the Zucker-Abrahams team who brought you *Airplane*. *KFM*, their debut script, is a featureful of spoofs and sketches directed by John *(Trading Places)* Landis. *TNG* is their latest writing-directing triumph: 90 minutes of insanity featuring crime, safe sex, baseball and H.M. The Queen. Laugh? As soon as I get my set back.

Nigel Andrews



A scene from the Pergolesi *Stabat Mater*

Modern dance to the baroque

Choreographer Mark Morris makes the best possible use of the music. Alastair Macaulay reviews his latest programme in Brussels

MOZART AND the Violent Femmes, Stravinsky and folk music, Indian music, Schoenberg, John Adams and Johann Sebastian Bach . . . Mark Morris has choreographed to all of these; and his taste in music and musicians is among the most interesting facets of his work.

Deeply musical, he seldom tries to create any period sense in his response to old music; and in this respect, as in many others, he is a thoroughly American artist. His *Dido* (Purcell), though archaic, was not baroque. His Brahms waltzes didn't whiff of 19th-century Vienna. He choreographs as if Purcell or Brahms or whoever was turning out the stuff right now. Isn't this what the director Peter Sellars is trying also to achieve in opera? Morris has collaborated with Sellars on both *Le Nozze di Figaro* and *Nixon in China*. But he is a far greater artist in works that are all his own.

What music does he return to most? Baroque. Last season's two big premières were set to English masterscores – Handel's *L'Allegro, il Penseroso ed il Moderato* and Purcell's *Dido and Aeneas*. In late December, he brought to the Théâtre de la Monnaie, Brussels a programme of choreography that he had made in America between 1984 and '86, set to Bach, Vivaldi and Pergolesi. The music was played on original instruments and in lower, authentic keys, by the Orchestra of the Collegium Vocale, Ghent. Spruce sound, shaped by the firm, alert conducting of Philippe Herreweghe.

The soprano Julianne Baird sang in both Vivaldi's *Amor, hai vinto* (R.V. 651) and Pergolesi's *Stabat Mater*. To call her America's Emma Kirkby would be too crude, but she cultivates a similarly white sound, and similarly avoids chest register or vibrato; this is not a style I adore. Yet there was much subtle, expressive singing – from the brio of her Vivaldi to, in the Pergolesi, her soft, diminishing to softer, utterance of the slow syllables of "Dum emisit spiritum," her way with which has haunted me ever since. She was joined in *Stabat Mater* by the American counter-tenor Drew Minter, who, though not always comfortable with the exposed vocal line here, is an eloquent artist.

The athletic modern freshness of Morris's movement in this triple bill recalls two senior American dance masterpieces – Balanchine's *Concerto Barocco* and Paul Taylor's *Esplanade* (both to Bach). No accident, this; Morris's historical sense is evidently acute. The opening of his Bach work, *Marble Halls*, nods to both *Concerto Barocco* (the two vertical lines of the corps de ballet) and *Esplanade* (the lilac-and-rust vests and shorts). And much of *Marble Halls* uses *Concerto Barocco*'s structure – the two soloists, the corps of eight.

But, deliberately unlike Balanchine, *Marble Halls* is equal-opportunities choreography (one of the soloists is male, the corps is not all-female). This is so in most of Morris's work. It is not unisex, certainly not androgynous. But it is never based on the premise of an absolute male-female divide, the sexist premise which classical ballet has often made so profound. Note, too, that some of Morris's dancers are black and that the female soloist here is tall and strongly built, the male medium-height and slight – Tina Fehlandt and Keith Sabado, both superb.

How disconcerting that all this is placed within a strictly formal organisation. ("I'm a real structure queen," Morris once said in a *Meet the Choreographer* session in London.) In *Marble Halls* you see baroque music's delight in canon, counterpoint, polyphony, solo-tutti or concerto-ripieno structure. You *see* it.

So, yes, dance scholars could analyse his work one way as an object-lesson in the modern dissolution of old cultural stereotypes, another way as to illustrate the virtuoso pursuit of sheer form. But, thank heavens, the sheer pleasure of Morris's dance language keeps you busy with sheer enjoyment. A lot of it has a goofy, rough look. The stance is weighted, the legs turn in or out, the arms make heavy gestures up and down. Even in a step as formal as a relevé passé, arms held *en couronne*, the head that the arms frame is cocked on one side. And so old steps become new.

Love, You Have Won, to the Vivaldi cantata, is a male duet that Morris himself and Guillermo Resto danced at The Place in 1984. Five years on, Morris himself – aged 33 – is no longer in such radiant form, but he and Resto know better now, it seems, what this work says and how. This, too, brilliantly illustrates musical procedure – recitative, aria, da capo. You laugh at the deadpan melodramatic gestures used for such words as "abbandonata," "in ogni vena," "palpita," and the smart way in which Morris sets gesture to recitative, dance to aria, and shows the overlap between the two.

You no sooner laugh, however, than you're touched. The relish Morris finds in Vivaldi's rhetorical flourishes gets under your skin; and the rich footwork and legwork of the dances has an astounding brio. One series of quick single turns, perfectly set to the words "in questa e in quell' altr' onda," stays with me above all – the kind of step you want to practise in private for fun.

Lastly, the Pergolesi *Stabat Mater* – another to keep the analysts busy. It is probably the hardest work Morris has made to comprehend, especially at a first viewing, and its language, though studded with many glorious images, is not so consistently loveable as in many of his other works. And then, what is it saying? The choreography is for 12 dancers, never in groups smaller than four. You see no real "mater" and not much "stabat."

Yet what an extraordinary work. Its intricate formal processes work at the various meanings of the *Stabat Mater* like a prism refracting light – as the music does. You see hints of the Crucifixion, the Deposition, the Pieta, you see them multiplied, fragmented, given with gender-reversals, and all the while you are taken, with gathering intensity and concentration, from grief through supplication to exaltation – as in the words. There are three sets, each with a different view of the Cross, each view more distant but also more clear. In the last scene the Cross takes on different colours – red for "Inflammatus," dawn-pink for "Quando corpus morietur" and like a window into a white sky for "Amen."

Few artists could be further from Wagner in tone than Morris, and yet Morris's development of the changing meanings of the Cross recalls Wagner's treatment of the several sides of Good Friday in *Parsifal*. Like Wagner, too, is the way Morris loves – in so many works – to elaborate motifs during the course of a work and then to have them winging their way home to roost as the work draws to a close. Each motif is itself plainly expressive – the tense crouch, the urgent jump, the sudden collapse (to a sudden silence in the music), the sobbing contraction. But each is so worked into long, taut phrases that you can't neatly label it.

The programme was greeted with respectful applause. No boos, but no fervour. It is widely said in Brussels that the Belgians are traditionalist and loyal to Béjart ballet, which alarms me no less than if a movie buff told me that his purism made him loyal to Ken Russell. "Disconcerting," "disarming"; these are natural words to apply to Morris. But just keep on looking. These are works that teach you about choreography as a formal art and about music; and then what they express is complex and moving. They show a spirit that matches the composers he uses.

Hands on Romeo

Martin Hoyle reviews the RSC at the Pit

BUT SOFT! What show through yon Pit's darkness breaks? It is a Stratford transfer; and a dud.

The RSC *Romeo and Juliet* that has just travelled from leafy Warwickshire to murky EC2 was originally mooted for a young Turk from the more iconoclastic reaches of opera production. On finding his Romeo's rehearsal time infringed by preparations for *Hamlet*, he declined, thus giving Terry Hands the chance to shine in his dual role with the company: director-cum-St Sebastian, elegantly posed for the usual critical slings and arrows.

In fairness, he has produced an intelligent young couple of lovers. Georgia Slowe is fresh, spontaneous, impassioned, if ultimately unvaried in her clamorous grief – the old cliché springs to mind: no actress can combine Juliet's youthfulness with the emotional maturity the part requires. Mark Rylance's Hamlet is much acclaimed. But his all-panting, all-droning Romeo, mannered, leaden of pace and cripplingly self-conscious, lets the temperature drop every time he takes the stage.

This is the last thing the production needs. It even starts, intriguingly, with the threatening sword-flashing wordplay of the opening dialogue drowsily intoned by Latinate idlers basking in the sun. Later the repartee between ebulliently amorous Romeo and witty Mercutio deliberately gropes, pauses, fumbles. Naturalistic, perhaps, but neither the Petrarchan richness of language nor the exuberant revelling in verbal fencing is apparent. These young bloods are hardly a bundle of laughs. Only Malcolm Ranson's swordfights erupt into life.

One feature that emerges plainly is the disruption suffered by the lovers' unfortunate households: never have two families alike in dignity been noisier. Yet there are moments of truth. Bernard Horsfall's Capulet is played mainly on a note of jovial, gibbering lunacy recalling the inimitable Richard Mulligan (Burt in *Soap*); but his alternating tenderness and violence towards his daughter after Tybalt's death convey the explosion of pent-up passions of a man under strain who can take no more. Linda Spurrier's Tory conference Lady Capulet sheepishly offers to stay with Juliet on her wedding-eve, evidently regretting her former harshness, and is patently rather hurt when her company is rejected. Glimpses of fuller lives, an emotional context, relationships; but not enough.

David O'Hara's dry Scots Mercutio grows in stature, though the Queen Mab speech takes on the pawky tones of those whimsical Caledonian monologues so often a feature of New Year's Eve television. We half expect him to throw in a mention of Greyfriars Bobby. His death offstage, where he has been carried, grumbling to the last, with no hint of the gravity of his wounds, is effective in the cool, off-hand style affected by the younger Veronese set. The final tableau, as the heartbroken fathers clasp hands over the corpses and birdsong chirpily heralds the new day, is sheer kitsch.

Alastair Muir

Georgia Slowe: fresh, impassioned

Radio

Crashing into the '90s

WHILE TELEVISION tended to mark New Year's Eve with summaries of the late decade's main events as recalled by their favourite performers, BBC radio remained modest. An hour on Radio 1 by the *Newsbeat* team; an hour's *News Huddlines* on Radio 2; a selection of *The Best of 89* throughout the day on Radio 3; a comic *80s RIP* and a sweet *Cream of Cat's Whiskers* on Radio 4. Then we crashed into the 90s with U2, Chris Stuart, Leopold Mozart and the News respectively.

Radio 4 drama emphasised the Special Relationship with repeats of two recent productions of American plays, Arthur Miller's *The Price*, done by the LA Classic Theatre Works, with Richard Dreyfuss and Harris Yulin, and Neil Simon's *Plaza Suite*, by the same company, but with Richard Dreyfuss confined to one line.

Both productions were directed by Martin Jenkins, and on Saturday we had a couple of extras – half an hour's eavesdropping on the rehearsal of the Miller, and Harris Yulin reading Arthur Miller's story *Fame*. There were British players in both the plays, playing American parts as if they were crypto-Americans. It would be good, from the audience's point anyway, if Equity on both sides of the ocean allowed unstinted exchange. The other side of the Channel is a slightly different matter.

Perhaps it is the signal of a more liberal decade that Radio 4 should choose *Lady Chatterley's Lover* as its first *Book at Bedtime* of the year, read by Ian Hogg. A feature on censorship on New Year's Eve and a dramatic reconstruction of the *Lady Chatterley* trial on New Year's Day accompanied it, so no one could complain of insufficient warning. The feature, fronted by Jonathan Green, dealt mainly with the history of censorship, and was for serious minds only.

The trial, on the other hand, is still important after 30 years. The two matters alleged to show a tendency to deprave and corrupt – the use of "indecent" words and the justification, if not glorification, of a married woman's adultery – are everyday features in the literature of today, but not many of us mind. Jack Emery's dramatisation of the court proceedings admitted only 17 of the 35 defence witnesses; but as Mervyn Griffith-Jones (John Shrapnel) and Mr Justice Byrne (Richard Vernon) both advised the jury not to take much notice of them, this hardly mattered. Gerald Gardiner (Frederick Treves), for the defence, may have been as well pleased with the Not Guilty verdict as Penguin Books Ltd.

An extra gesture of confidence in D.H.Lawrence came on Radio 3 on Friday, with a moving production under Michael Fox of his play *The Daughter-in-law*, but this has never been in difficulties, except difficulties of production. It is a fine play highlighting the problems of a new wife in a mother-dominated house, and ought to be played all over the land. Bill Nighy was Luther, whose wife Minnie (Samantha Bond), with her tiny fortune, is so resented by his over-maternal parent (Ann Rye) – all excellent.

Once more, the Friday afternoon serial on Radio 4 has gone for a little-known work of a well-known writer, *Jim Davis* by Masefield. The first of four parts broke off just as 12-year-old orphan Jim (Nicholas Pickard, fine) found himself aboard the smugglers' lugger when he should have gone home to tea with Mrs Cottier (Marlene Sidaway) and 9-year-old Hugh. It's all very exciting, and as good for the young as the adult.

We have had another series of *Barnes's People*, quarter-hour sketches of unusual folk designed to show off outstanding players – this week, Ian Holm as a Jewish slaughterman, Jeremy Irons addressing a grave in a cemetery about to be turned over to building, Tom Conti as a Scots fisherman dying of a heart-attack – all matters of diminished faith, all most ably played.

The best thing I heard over the New Year days was Richter playing Schubert's sonata in (D 894) last Sunday.

B.A. Young

Just a load of softies

JON BON Jovi (what a mellifluous name) and his mates from New Jersey are just a load of softies. Billed as the world's number one heavy metal band, and with record sales that are rumoured to out-strip those of U2, the quintet are about as threatening as a Barbara Cartland hero. Their Wembley concerts this week owed more to Gary Glitter than to the real nasties of HM, the likes of Anthrax and Megadeth.

Bon Jovi, the man, came on strong, promising that he was going to take no prisoners, that he was after our souls, and dancing around with clenched fists shouting "I want you Tyson, I want you Bruno;" but within an hour he was going through a bonding ceremony on stage, holding hands with the rest of the band, being maudlin about Berlin, and virtually licking the audience. This mammoth global tour is, after all, billed as The Brotherhood.

The songs, too, are basically romantic ballads dressed up as heavy rock, without the mindless thrash of heavy metal. They are tuneful enough for the CD crowd, with catchy singalong choruses. "You gave love a bad name" is the ultimate cross-over song, to be enjoyed by both bikers and boy scouts. The only trouble is that Bon Jovi was not in great voice and the sound, surging through speakers suspended from the ceiling, was decidedly muddy. Only when guitarist Richie Sambora, currently the toy of Cher, took on the vocals did they give any pleasure.

But despite the music Bon Jovi put on a splendid show. The man is small and beautiful, with wonderful accessories, ranging from leather overcoats to plastic trousers. The rest of the band have equal visual appeal, the guitarists rushing the thrust stage like an SAS unit, and the keyboard player stripping for action as he dives between two decks.

Each song is a theatrical production, peaking when a staircase descended from the roof enabling the band to pass from the stage over the heads of the audience and into the well of the hall. It is a minor experience to ponder Jon Bon Jovi from underneath.

With its Roman Candles, searing lights, good film projection, and the carnal posturings of JBJ, this was undoubtedly a spectacular. But I had no fear for the girls waving the banner with the strange device "To the Brotherhood. We don't mind living in sin. From the Sisterhood," even when the song "Living in Sin" was fitfully performed; And the girl with the "Youth gone wild" T-shirt looked like an off duty nurse as she gently swayed to "Blood on blood." Bon Jovi are terrible teases, allowing just a gentle frisson of depravity to spice up what would otherwise be a decent neighbourhood act. Roll over pussycats.

Antony Thorncroft

Not such heavy metal: Jon Bon Jovi at Wembley Arena

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Mozart's world

MOZART: THE GOLDEN YEARS
by H.C. Robbins Landon
Thames and Hudson, £14.95, 225 pages

H. C. Robbins Landon has followed up his highly successful *1791: Mozart's Last Year* with a book dealing with the decade before 1791, which exactly covers Mozart's period in Vienna. No writer in the English language has a better knowledge than Robbins Landon of the world of Viennese music in this period, and his achievement here is that he conveys so much about the atmosphere in which Mozart worked and the people he worked with.

The volume is richly illustrated. There are four eight-page sections in colour and numerous excellent black and white pictures too, within the text. The text itself is quite short, but it contains generous quotations from his letters and other contemporary writers.

As in the earlier volume, the main text consists of a series of topical essays rather than a simple chronological sweep through his life. This has its advantages in a study that has no pretensions to comprehensiveness. It starts with a pair of valuable chapters on the Viennese scene, musical and social, then treats various episodes in Mozart's life, both personal and creative: one, for example, on Leopold Mozart's visit to Vienna and the relationship between Haydn and Mozart; one on the Da Ponte operas; one on the German travels of 1789-90.

The writing, as always with Robbins Landon, is engaging and enthusiastic. When he goes off on some little diversion, the reader is happy to follow. For example, there are three-and-a-half pages on the horn of Mozart's day, its capacities and its limitations, intriguing, informative and not too technical.

The chapter dealing with Mozart's patrons is particularly useful. Earlier writers have sorted out some of these Viennese noblemen, such as Baron von Swieten, but the information on Prince Galitzin will be new to most Mozartians and so will that on the Esterházy family – here Landon, whose Haydn studies have led him deep into this family and its musical doings, puts forward a fresh identification of the Count Esterházy who was a patron of Mozart. There is further fresh research on the Viennese nobility in the appendices, with an identification of all those patrons who subscribed to Mozart's piano concerto series of 1784, embodying many corrections of received ideas.

All this material is invaluable to the scholar. I am less sure how much such detailed and often quite recondite information will appeal to the more general reader. And on the music itself that reader is sometimes rather shabbily treated. There is not much of musical comment here – there is hardly space for it – but sometimes Landon produces an interesting observation: I liked his epithet, "growling," for the bass part at the opening of the D minor Piano Concerto, for example.

There are several careless or misleading remarks: to say that "Maria Theresa had, to say the least, an imperfect understanding of music" because she advised against giving Mozart a job is beside the point (she was actually an accomplished singer, the pupil of a distinguished Kapellmeister), and Mozart's famous letter to his father about death is quoted without its being made clear that its essence and some of its words come straight from a book popular in masonic circles.

But the attractiveness of this volume and the liveliness and appeal of its writing will undoubtedly win new friends both for Mozart and for Robbins Landon.

Stanley Sadie

SPORT

Into the Third Age: **Keith Wheatley** looks at the booming world of seniors' golf and **John Barrett** gets a resounding tennis lesson

The veterans who've never had it so good

TWO WEEKS from now, Jack Nicklaus turns 50. "Just another newspaper anniversary," chorus the cynical. "Roll out the valedictory profiles." For Nicklaus, though, it represents a new beginning. By reaching his half-century, he is eligible to join that extraordinary sporting entourage, the senior tour – the Third Age of golf.

Just before Christmas, one of the most charismatic and popular figures in the recent history of the game, Lee Trevino, racked up his two score and 10. Now Trevino, too, can join his contemporaries on a 30-event series that is nearly as lucrative and well-supported as the main USPGA circuit.

With the explosion of interest in golf generally, there are probably too many "stars" nowadays for individual players ever again to achieve the Hollywood-level glamour of a Nicklaus or an Arnold Palmer. At the first day of the 1989 British Open at Troon, it was Palmer, Trevino, Gary Player and Tony Jacklin who drew the crowds. Nick Faldo, Greg Norman and Curtis Strange were tipped to win, but the fans wanted to see gods.

Despite his record haul of 20 major titles, Nicklaus knows he is unlikely to capture another over four stress-filled days against men 20 years his junior. Instead, he plans to enjoy himself – and win millions more dollars – playing against his chums. "I want to win a tournament on the regular tour and the senior tour in 1990," says Nicklaus. "This is the first goal I have set myself in 10 years."

Trevino, an effervescent Mexican born so far on the wrong side of the tracks that you'd need binoculars to see the train, is more direct on the charms of the senior tour: "Why would you want to struggle and lose against the flat-bellies when you can have fun and win among the round-bellies?" He added: "In no other sports are you going to find a 50-year-old man with a second chance to make a tremendous amount of money." Having won – and lost, through poor investments – an estimated $10m-plus, Trevino knows the value of a dollar. He is also keen on fun, a commodity increasingly rare in professional sport.

As a recent "retiree," Trevino sees a good chance to break the record for the most money won in a single year on a senior tour. The leader of the 1989 money list was New Zealander Bob Charles, winner of the 1963 British Open. He collected $567,771 in 23 events, finishing in the top 10 on 20 occasions. Charles provides an interesting example of the contrast between the rewards for a journeyman professional on the main tour and the rich pickings with the "grey panthers." In 1985, he finished 65th in the order of merit and won a total of $21,000. The very next year, after turning 50, he won more money – over $500,000 – than he had done in his entire previous career.

Nor does the gravy stop with prize money. Golfers remain a predominantly middle-aged, conservative group. They like to see their favourite products endorsed by Trevino just as well as by *Mark Calcavecchia* – so long as Trevino is still winning somewhere. Manufacturers remain willing to pay the seniors handsomely.

Mony, according to Trevino, is not the main spur; it just adds mustard. As Super Mex puts it: "Arnold Palmer is out there but he doesn't need the money. Gary Player didn't need the money but he went out because he wanted the competition.

"That's what I want, and I'm just thrilled about it. For the first time in many years, I'll be playing against people of my own age – and I'm going to *take it seriously* and enjoy myself." Trevino promises to play the full 1990 senior tour and hopes to do the same thing in 1991 and 1992.

Player, who won nine major titles in a career that would be impossible for a South African golfer now, waxes lyrical on the joys of competing as a senior. "We have big crowds. We're winning more money than we ever did as top tournament players and it's the fastest-growing circuit in the world.

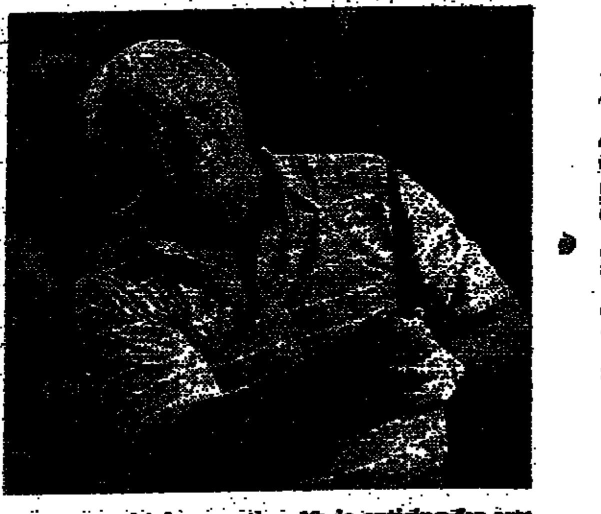
"There is a great cameraderie between the professionals and the amateurs which is missing from the *regular* tour. We don't just play with amateurs in the associated pro-ams – we attend receptions with them and talk about our grand-children with them."

The senior circuit is noted for its humour and sheer enjoyment – something that communicates itself to the crowds, who find themselves very much part of a recognisable sporting event rather than the televised extras at a sponsorship gala. Unfortunately for British fans, there are still only two events for seniors in the UK: the Volvo tourmanent, held at Turnberry in July; and *the Trusthouse Forte Seniors*, organised by the Professional Golfers Association, which goes this year to Brough, near Hull.

"In the States, they have the sheer numbers of former tournament professionals which we haven't yet got in Europe," says Michael Robinson, of the PGA tournament section. "We'll be *looking* at a different picture in 10 years' time once we start to get our own big names through."

Certainly, the prospect of being able to savour Faldo, Sandy Lyle, Severiano Ballesteros and Ian Woosnam playing *tournament* golf for another 25 years, rather than another 10, is enticing for any fan. One can only speculate about how well the mercurial, sociable talent of, say, Lyle would blossom again amid the matiness of a seniors' event.

While critics – including Lyle himself – complain that there is too much money in professional golf for the sport's health, the atmosphere among the seniors shows that the core of the game is sound and true. If the prizes were cut by 90 per cent, many of the players would still turn out. As Player notes: "There would have been a void in my life if the senior tour had not been invented."



Lee Trevino,top, Gary Player, centre, and Arnold Palmer: all stars of the senior tour

Beaten by Borotra — aged 91!

ACCORDING to my wife, humility is a quality I do not have. The truth of her assessment became apparent when I found myself partnering the past-chairman of the All England Club, Buzzer Hadingham, against the 91-year-old legend of French tennis, Jean Borotra, and his middle-aged partner, Gerard Pilet, a former French Davis Cup player. The occasion was the annual autumn meeting between the International Clubs of Great Britain and France at Wimbledon, a fixture that began in 1929 and always includes a spring encounter in Paris.

I had suggested to Buzzer, somewhat smugly, that even without hammering the ball at the aged champion, we should win comfortably. My arrogance received a nasty jolt when we lost the first six games. The only consolation I could salvage from the wreckage of that set was the thought that I had probably just set a record. Surely, I must be the only player in the world who has been passed, clean as a whistle, by a 91-year-old!

My self-respect was restored only partially when we won the next five games and then took the second set 6-2. With the light fading, it was Borotra's suggestion that we should declare the match an honorable draw. What a man. His remarkable record of having competed in every one of the 106 matches between the clubs, home and away, is alone a claim to immortality.

Another whose appetite to compete never seems to be satisfied is that ageless Australian, Ken Rosewall. I saw him in Brisbane the other day when, with his wife Wilma, a former Miss Queensland, he dropped in to watch the Australian women's hard court championships at the historic Milton Road club.

I played Ken for the first time in 1954, in Brisbane. It was a first-round match on the fast turf of the centre court. My confidence was not helped when the public address announcer informed the public: "And the next match is between our Australian Davis Cup player, Ken Rosewall" (cheers from the crowd) "and the No. 5 from Great Britain, Tom Barnett" (collapse of my travelling companions, Roger Becker and Reg Bennet, who were unable to continue with their practice out on a back court). After losing in four sets, I would have been quite pleased to attribute the defeat to Tom.

Despite his 55 years, the Rosewall legend grows. Competing last year on the Grand Masters over-45 tour against the likes of Marty Riessen, Roy Emerson, Roger Taylor, Owen Davidson, Neale Fraser, Ramanathan Krishnan and Mal Anderson – all of them considerably younger – Ken quietly took four of the titles with his peerless, well-grooved ground strokes and inch-perfect volleys to finish as champion. Not bad for a man who last competed on the men's Grand Prix circuit at the New South Wales Open in 1978.

Despite appearances, it all takes rather more effort these days. "It is more difficult to maintain concentration and the eyesight is not as sharp as it was," he admits. "Nor do I recover as fast as I used to. But I love to compete and, considering I don't train any more, I still hit the ball pretty well." His beaten opponents would all say "amen" to that.

Veteran tennis is thriving world-wide. Interest is keenest in the United States, where thousands compete regularly in tournaments all over the country in age groups that start with the over-45s and include 55s, 60s, 65s, 70s, 75s – even the over-80s. The remarkable "Dodo" Cheney, now well over 70 and one of that group of wonderful post-war Americans which included Pauline Betz, Louise Brough, Margaret Osborne, Doris Hart, Shirley Fry, Pat Todd and Beverley Fleitz, has collected more veterans' titles than any other living person.

In Australia, they are justifiably proud of Bob McCarthy, from Sydney, who won the world over-60s title last year. The country has a thriving veterans' community totalling 3,279 players (70 per cent of them men) affiliated to clubs in all seven states and the Capital Territory.

Queensland leads the way with 990 registered players – among them Anderson, the winner of the 1957 US championship. He took the 1989 Australian over-45s title when it was played in Queensland but, like many of the former champions, is too involved in other business activities to travel round the world following the veterans' trail.

Some do, like former children's TV producer Allan Kendall. A nephew of that great 1930s' champion, Jack Crawford, Kendall is found but rarely at his Sydney appartment, so keen is he to make the most of an early retirement to deploy his unusual game against fellow enthusiasts.

It is men and women like Kendall who make up the bulk of the international veteran community. In their youth, most of them were good players who never rose to the top. Self-made men, they can afford the considerable travel and living expenses and enjoy the camaraderie and the competition.

The Veterans' Association of Great Britain, affiliated to the LTA, was formed in 1975 for men only. In that first year, an over-45 championship attracted a modest entry of 38. Four years later, a women's championship for over-40s was added, but only a handful of players entered. By 1989, though, the British veterans' championships, played on grass at Wimbledon in August, had grown to five events for men (45s, 55s, 60s, 65s and 70s), and two for women (40s and 50s).

More than 1,000 entry forms were distributed to players who had competed in previous years and to newcomers, and 125 men entered the 45s' draw. In the past two years, there has also been an indoor championship played during the winter.

Several of Britain's former top-ranked players are competing again. Roger Taylor is the present indoor and outdoor 45s' champion; Shirley Brasher has been a keen competitor for years with many titles to her name, including last year's 50s'; and Geoff Paish won the indoor 65s' title in 1979. But lest any of these good folk get carried away with their successes, they should remember the example set by Arthur Gore.

This Old Harrovian, who became Wimbledon's oldest champion when he won the singles for the third and last time in 1909 at the age of 41 years and 141 days, competed at the All England championships every year from 1888 to 1927, by which time he was 59.

My favourite former champion, though, is that remarkable lady, Kitty Godfree. Still fit and active at the age of 92, she was an active player until very recently and still rides her bicycle to the shops and drives her car.

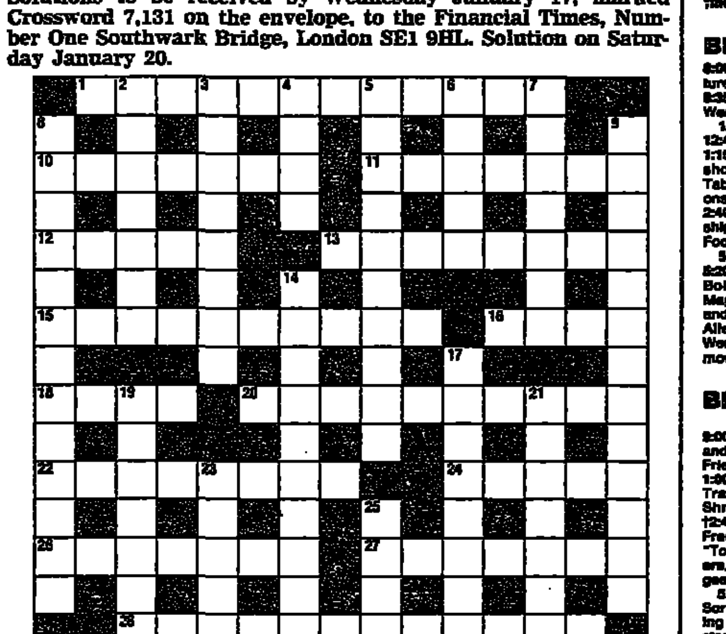
It is a curious coincidence that Kitty's two titles, in 1924 and 1926, coincided precisely with the dual victories of Borotra, the Bounding Basque. Having seen the great man in his prime, Kitty – alone of contemporary players – is probably not in the least surprised that he is still good enough at 91 to hit accurate passing shots beyond my reach.

In congratulating the world's two oldest surviving champions for their indomitable competitive spirit, perhaps we can, through them, salute the veteran players of every era who have all revelled in the simple pleasure of hitting a small, fuzzy white ball across a net.

CROSSWORD

No. 7,131 Set by DANTE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday January 17, marked Crossword 7,131 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 20.



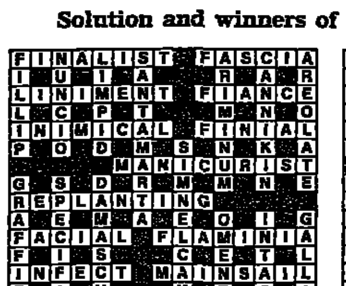
ACROSS

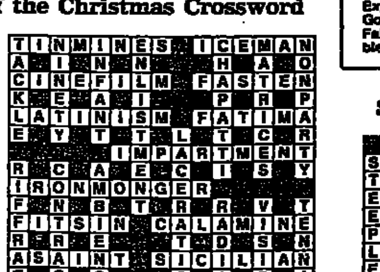
1 Key man in the penal system (6,6)
10 Be sorry about unrising income (7)
11 He may toss at sea or at the cricket ground (7)
12 Pick up something exclusive (5)
13 Six have an airing, perhaps, in America (8)
15 Dot carried from premises? (5,5)
16 Aide contrived a plan (4)
18 Boat painter's material (4)
20 Made official announcement in favour of decimal conversion (10)
22 Switch choices occasionally (2,3,3)
24 A face-saving feature of olden times (5)
26 When out see tall first love of Pip (7)
27 Rosalind's lover is in Florida (7)
28 One's first address (6,6)

DOWN

2 Cases prepared for Italian consumer groups (7)
3 They are blemishes on the most radiant of faces (3-5)
4 Born and died in poverty (4)
5 A habit that will keep one dry (10)
6 Fading and dingy, perhaps (5)
7 Regretted putting a tree in the shade (7)
8 Angry over intentions that lead to misunderstanding (5,8)
9 Hit or miss affair resulting in wrongful conviction? (5,3,5)
14 Monday's issue is said to be so attractive (4,2,4)
17 Nominal worth of pure lava (3,5)
19 Ghost seen in Hampton maze (7)
21 Kind of lodge in which Monica's out of place (7)
23 I held out for capital (5)
25 Weapons some people play with (4)

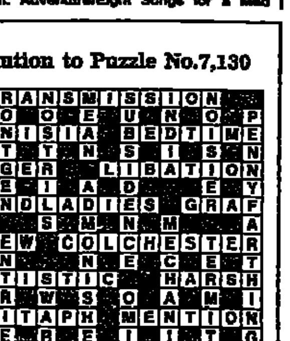
Solution and winners of the Christmas Crossword





Ms Lynn Baker, Edinburgh; Mr P. Drinkwater, Harpole, Northampton; Ms Penelope Howe, Oxford; Dr D.J. Macmillan, Saltash, Devon; Mr J. van Rees, Witherslack, Cumbria; Dr and Mrs C. Shute, Kidderminster, Worcs; Mr G.C. Sutcliffe, London NW7; Mr P. Thomason, Barnet, Herts; Mr J.V. Tiller, Epsom, Surrey; Mrs Janet Wight, Bromham, Bedford.

Solution to Puzzle No.7,130



TELEVISION & RADIO

SATURDAY

†Indicates programme in black and white

BBC1

6:00 am Mersey Tales. [illegible] 12:15 Grandstand [illegible]

BBC2

[illegible]

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV: Motormouth 2. 11:30 The ITV Chart Show. 12:30 pm The Munsters Today. 1:00 ITN News followed by National Weather. 1:05 Local News and Weather. 1:10 Saint & Greavsie. 1:40 Sportsmasters. 2:10 Coronation Street. 3:05 Snooker: Mercantile Credit Classic. 4:45 Results Service. 5:00 ITN News followed by National Weather. 5:10 Local News and Weather. 5:15 Cartoon Time. 5:20 Catchphrase. 6:00 Blind Date. 6:50 Baywatch – The Movie: Panic at Malibu Pier. 8:40 ITN News and Sport followed by National Weather.

8:55 Local Weather. 9:00 Jekyll & Hyde, starring Michael Caine, Cheryl Ladd, Joss Ackland, Ronald Pickup and Lionel Jeffries. 11:00 Snooker: Mercantile Credit Classic. 12:30 am Lawman, starring Burt Lancaster, Robert Ryan and Lee J. Cobb.

CHANNEL 4

7:30 International Times – World News. 8:00 Transworld Sport. 9:00 Channel 4 Racing. 9:25 Sing and Swing. 9:30 Listening Eye. 10:00 To the End of the Rhine. †10:35 The Batman. †11:00 "The Gaunt Stranger," starring Wilfred Lawson. 12:20 pm Dance with Me. 12:50 Channel 4 Racing from Sandown Park. 3:00 "That Midnight Kiss," starring Mario Lanza. †4:50 Movie Museum. 5:05 Brookside Omnibus. 6:00 Song of the Forest.

7:00 The World this Week. 7:15 Europe Express. 8:00 Conquer the Arctic for The Gore-Tex Trophy.. 9:00 4 Play – Valentine Falls. 10:15 Opera on 4: Opera Factory double bill: Adventure/Eight Songs for a Mad [illegible]

Michelle Fairley and Gary McDonald in Valentine Falls, the play on Channel 4 at 9.00 pm

S4C WALES

[illegible]

ANGLIA

[illegible]

BORDER

[illegible]

CENTRAL

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

[illegible]

TSW

[illegible]

TVS

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

YORKSHIRE

[illegible]

RADIO

[illegible]

RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]

SUNDAY

†Indicates programme in black and white

BBC1

[illegible]

BBC2

[illegible]

LONDON

[illegible]

CHANNEL 4

[illegible]

S4C WALES

[illegible]

ANGLIA

[illegible]

BORDER

[illegible]

CENTRAL

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

[illegible]

TSW

[illegible]

TVS

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

YORKSHIRE

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RADIO

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RADIO 4

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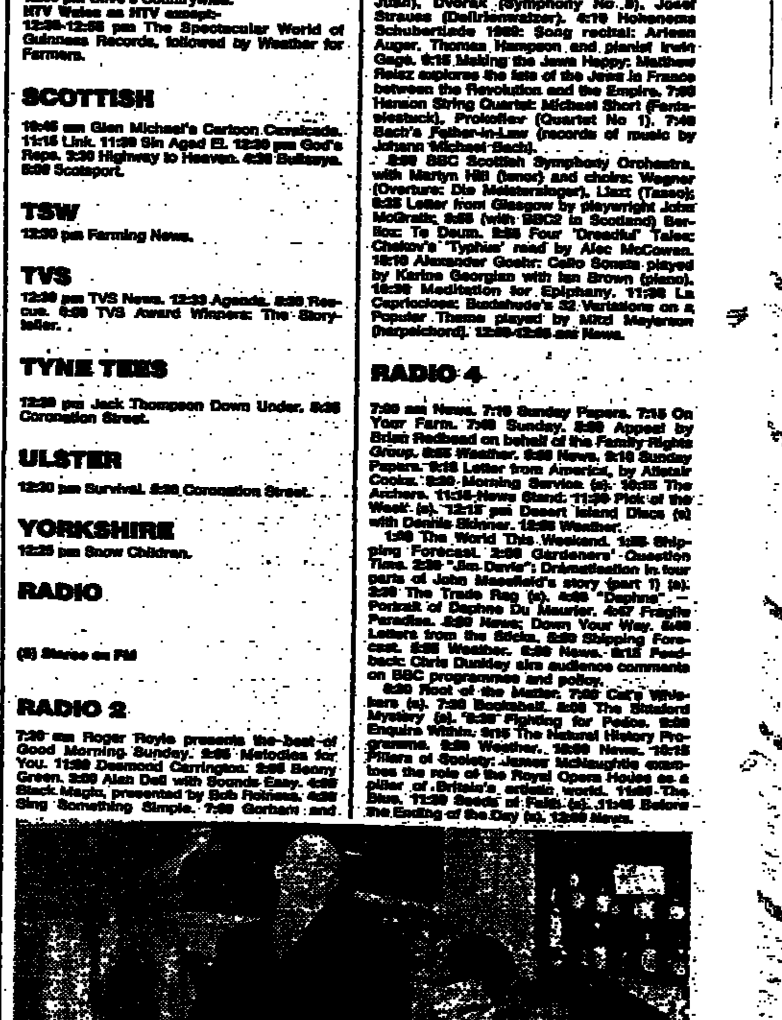

Paul Newman, right, and George C. Scott in the classic pool-room drama The Hustler: Channel 4, 9.00 pm